

FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW



JULY
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The Bonds of Freedom	<i>George Papandreou</i>	513
Widening Boundaries of National Interest	<i>Nelson A. Rockefeller</i>	523
The Pacific Pact: Looking Forward or Backward?	<i>Ben C. Limb</i>	539
Mao's Stratagem of Land Reform	<i>C. M. Chang</i>	550
Keynes in Retrospect	<i>Herbert Feis</i>	564
Crisis of Confidence in Iran.	<i>Edward Ashley Bayne</i>	578
The New Frontiers of the Soviet Union	<i>W. Gordon East</i>	591
Fair Shares on Teeth and Tanks	<i>Wilfred King</i>	608
Population and Progress in Puerto Rico	<i>Kingsley Davis</i>	625
The British Problem in Africa	<i>Margery Perham</i>	637
Eisenhower's Right Flank	<i>Hamilton Fish Armstrong</i>	651
Recent Books on International Relations	<i>Henry L. Roberts</i>	664
Source Material	<i>Ruth Savord</i>	682

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The Editors.

FOREIGN AFFAIRS

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THE BONDS OF FREEDOM

By George Papandreou

IN June 1943, when my native Greece was still enduring the Nazi occupation, I sent the Greek Government-in-exile and the British Government a long memorandum on the situation there. Already it seemed to me unmistakable that the international conflict was taking on a new form. Two world fronts were coming into existence: Communist Pan-Slavism and the Anglo-Saxon liberal world. "It follows," my memorandum said, "that although the substance of the rivalry between their social régimes will continue to shrink day by day, since both camps will converge on the plane of social policy, the great issue of freedom—personal, political and national freedom—will stand out more and more." I felt that the nature of the developing political situation could be rightly understood only if one realized that this issue of freedom was already the main issue in the rivalry between the two worlds—and that "little by little it will become the exclusive issue." Though the danger from Germany was still present it was receding, for the German hope of world domination had by now vanished into the past. "In this new phase of world history, to be characterized by the struggle between Anglo-Saxon liberal principles and Communist Pan-Slavism," I concluded, "certainly the whole of Europe—including today's enemies, once Nazism and Italian Fascism have been stamped out—will be England's natural ally in the defense of her national independence and political liberties."

The two rival world fronts have in fact developed: aggressive Communist Pan-Slavism faces a defensive Anglo-Saxon coalition.

During the past hundred years, no aggressive nation of Europe had been powerful enough to carry out its aims by itself. Supremacy could be achieved only by means of alliances. Under Napoleon, France had a population of 30,000,000, that is to say, a sixth of the population of Europe of that day. Germany under Bismarck, under the Kaiser and under Hitler had populations of 50,000,000, 60,000,000 and 70,000,000 respectively; again these

populations represented about a sixth out of the contemporary European populations. Now for the first time in the history of modern Europe an aggressive state is powerful enough to stand alone, with a population of 200,000,000 or more as compared with a Europe of 500,000,000. And what is more, this aggressive state occupies one-sixth of the area of the globe, has an annual increase in population of about 5,000,000 and possesses almost unlimited possibilities for demographic and economic expansion. As a consequence of this self-sufficiency of Soviet power, the traditional British policy of the balance of power in Europe has become obsolete. Freedom can be safeguarded only if free Europe is organized and if both American and British power are thrown into the scales.

The threat of Communist Pan-Slavism is also characterized by another new factor. In the past, any aggressive state almost automatically brought into being a union of the peoples which it threatened, simply because it challenged their national independence and menaced their territorial integrity. Now we see an aggressive nation whose international program, deliberately intended to mislead, exercises a power of attraction over part of the popular masses of other states. Moreover, the aggressive Power is not only European but also Asian. This introduces a critical factor that may prove the source either of great Soviet strength or great Soviet weakness. Which it is to be will depend on the political orientation of the great Asian countries. If these are hostile, Russian strength will be diverted from Europe. If friendly, the Russian colossus will be strengthened in its effort to gain supremacy in Europe. Finally, we must realize also that Stalin's political genius, his "revolutionary realism" as it is styled, has enlisted all the moral forces of Russia—Communism, Pan-Slavism and the Orthodox Church—in the service of his imperial Russian program.

On the liberal Anglo-Saxon front there are substantial new developments also. The first is that the United States has definitely dropped its isolationism. It not only is politically active everywhere; it has assumed the active leadership of the free world. Again, the effect of technical progress enters into the world situation at every point. The development of transport and communications, for example, means that the American political presence is material presence as well. American strength is in being everywhere. Furthermore, the Anglo-Saxon world has unquestionable

superiority in industrial armament. Though the implications of all this are difficult to calculate in advance, it would seem that the equilibrium upset by Communist Pan-Slavism in Europe has been restored on a global scale.

II

The change brought about in the world's political configuration by the Second World War was so great and sudden as to make it difficult for men to adjust their minds to it immediately. Toward the end of the war only two sets of political ideas were comfortably established in their natural positions: the conservative and the Communist. Throughout the war the conservatives maintained their distrust of the Soviet Union, and with the armistice their opposition became active. Communism, viewing its wartime alliance with Anglo-Saxon "capitalism" as only provisional, found itself firmly fixed also in its natural position. After the war it gave its opposition to capitalism full play. But among all intermediary political groupings between conservative and Communist there was confusion. They can be classified roughly into two main categories: democrats and Socialists.

The democrats are guided mainly by the concepts of "nation" and "freedom." But the Soviet Union, and the Communist Parties of other countries, had claimed to be fighting during the last war for these very ideals. The Soviet Union had defended the idea of "national independence" against Nazism, which sought to subject the nations to racial Pan-Germanism; and the various Communist Parties had taken a lead in national resistance struggles. Hence it was natural for the democrats to have gained the impression that the moral concept of the nation in which they believed so strongly was part of the Communist faith as well.

The ideal of freedom became similarly confused. That in both theory and practice Communism aims at dictatorship by the minority was, of course, only too familiar a fact. But during the war the defense of "democracy" was the common slogan against Nazism; and in this ideological struggle the Communists appeared to be leaders also.

The confusion was particularly great among democrats in the Anglo-Saxon world—as Greece had bitter cause to know, both during the occupation and, after the liberation, during the Communist uprising of December 1944. Considerable time had to elapse before the truth emerged. But gradually, in the light of the

postwar tactics of the Soviet Union and of the Communist Parties abroad, it became increasingly clear that Communist participation in the national resistance movements had served neither the ideal of the nation nor the ideal of freedom. Both were seen to have been pretexts designed to promote the never-changing aims of Communism. Today we realize that in every country the Communists helped organize the Resistance, not for the sake of the countries of which they were citizens, but for the sake of their "spiritual home," the Soviet Union. The Communist resistance movements aimed at preparing the ground for the forcible seizure of power after the war. Their leaders reasoned that, just as the First World War had brought Communism to one country, so the Second World War would spread it at least to the whole of Europe. In short, the Communists were not fighting to end a war but to begin one. Postwar events have made it perfectly clear that Communism—which is the Fascism of the left—is the mortal enemy of freedom.

Thus democrats generally became aware of the truth about Soviet objectives. But confusion persisted in the ranks of the other of the two main groups which I have mentioned—the Socialists. These are a rare species in America, where the democrats are preponderant, and indeed they are more or less rare in Great Britain, since the Labor Party is genuinely "national." The dogmatic Marxist Socialists are a European species *par excellence*. They continued to be confused.

Socialist political values are different from those in which the democrats believe. In Marxist thought, the concept of the nation has been subordinated to the ideal of the "internationale." At times the Socialists have defended freedom only lukewarmly, and some have even been willing to throw it overboard entirely if this sacrifice would help them realize the ideals of internationalism and social justice. For some years, then, the Communist challenge to the ideals of the nation and freedom did not rouse the Socialist against Communism. The moral crisis which disturbed the dogmatic Marxist Socialist conscience came from another quarter.

The Socialists came to realize that as allies of the Communists they were not in fact promoting their cherished supranational ideal of the internationale so much as the racial and territorial imperialism of one nation—the Soviet Union. This was not what they had aimed at. They also came to realize that by uniting

with the Communists they would not further even the ideal of social justice, since this had ceased to be an end for the Soviets and had become simply a means toward Pan-Slav world supremacy.

Disturbed by this unhappy discovery the Socialists recoiled. But in so doing they found themselves face to face with all the forces which they had always termed "reactionary" and which they had opposed throughout their history. It was a distressing dilemma. If they strengthened their alliance with the Communists they knew they would be betraying their ideals. If they formed an alliance with "reaction" they felt they would be betraying their history. They refused to make the choice. Or, rather, they split. In the end some in each Socialist Party chose the interests of the nation, and some chose Communism.

III

Stalin contributed to the clarification of these confusions by establishing the Cominform, and the policy which it signaled. In 1934 he had been the originator of the "Popular Fronts," a policy involving the abandonment of the intransigent revolutionary line in favor of coöperation by the Communist Parties with democratic and Socialist elements. The purpose was to accelerate the process of "middle class democratization," which was considered the prelude to the final drive for the dictatorship of the proletariat. This policy was climaxed by the ostensible abolition of the Comintern in the spring of 1943 and the transition from "Popular" to "National" fronts. It permitted the Communist Parties, which had taken the leadership of the National Resistance Movements in occupied Europe, to reinstate themselves in the eyes of the people as national and democratic parties. It was designed to enable them to win popular majorities in the legislatures and to gain control of the national governments. The expectation was that without active intervention by the Soviet Union (which would have precipitated a war) the European countries would voluntarily join the coalition of Communist Pan-Slavism and give Stalin a bloodless conquest of Europe.

This hope failed. For the Communist Parties, ostensibly applying "national" and "reformist" tactics, not only were unable to secure control of the governments of their countries, either alone or assisted by the "fellow-travellers," but proved unable to win more than between 20 and 30 percent of the electorates. Moreover, suffering the common lot of all parties which assume

responsibility in difficult times, they began to lose ground among the masses—and to lose their revolutionary impetus as well.

Instead of paving the way for a Communist Europe, the tactic (quite unexpectedly, from the Communist viewpoint) aided the political and economic recovery of Europe and contributed to the success of American policy. It helped Stalin to lose Europe instead of winning it. The decision to set up the Cominform marked the switch of Communist policy from a “national-reformist” line back to the “international revolutionary” line. The formation of the Cominform was essentially a directive to the Communist Parties to endeavor to disrupt the administration and the economy of European states, to deepen the misery of the masses and to work for the complete breakdown of the policy of assistance and reconstruction which President Truman and General Marshall had laid down.

When the Cominform policy became obvious even the most skeptical were at last convinced of the truth. But developments did not stop here; it also became clear that the “revolutionary” tactics of Communist Pan-Slavism had in their turn broken down, just as in the past the “political” tactics of the so-called popular and national fronts had failed. This double failure was due to the deeply-rooted national conscience of the people and to the Marshall Plan.

The Marshall Plan was masterly in conception and generous in execution. There is no example in history of a nation undertaking, by means of funds contributed by its citizens, to restore the ruins of war in other states on a world-wide scale. The provision of economic aid to other countries was of course in the interests of the United States. But a policy which recognizes that the interests of a Great Power are identical with the freedom and prosperity of other nations is unprecedented. This may indeed be taken as characterizing the difference between the two rival fronts. The interests of the United States are identified with the reconstruction and prosperity of the world; the interests of Communist Pan-Slavism require the impoverishment of the world and the creation of more misery, which it hopes to exploit to gain more power.

IV

But in contrast to the amplitude and effectiveness of the economic plan in which the United States has assumed leadership,

the strategic plan for resisting Communist conquest is inadequate alike in conception and execution. Doubts and hesitations in America and Europe seem not yet to have been finally resolved. A parochial conception of strategy survives from the years before the war.

As noted above, the main feature of our era is the crystallization of two rival world fronts. Now, whereas the "economic" plans are distinctively global in character, the "strategic" plan seems, on the contrary, deliberately restricted. A characteristic instance of this is the Atlantic Pact, a clear survival of the parochial spirit. Why set out to protect one part of Europe and leave another part subject to attack and conquest? And would not the initial lack of solidarity be in itself an incitement to attack?

The failure to appreciate this fact, and the endless discussions about admitting Greece and Turkey into the Atlantic Pact, are deplorable symptoms of a lack of awareness of present-day realities on the part of the Great Powers. A true adjustment to the new reality implies the global solidarity of all the free peoples. The chiefs of Communist Pan-Slavism must be made to realize that any attack which they make, in any part of the world, will alert the forces of all the free nations. Moscow's realization of this would certainly lessen rather than increase the dangers of a general outbreak. Global solidarity does not mean global conflict; it means merely that local attacks will be powerfully repulsed, as in Greece and Korea.

It may be objected that the geographic dispersal of the free nations militates against the integration of a defensive front, and that hence regional unions are preferable. But regional alliances are insufficient in the face of the present adversary. Only after a world-wide defensive alliance of all the free nations has been accomplished should regional strategic arrangements be concluded, within the global framework, in order to give the over-all grouping an organic defense force.

A particular feature of the incompleteness of the strategic plan is the lack of adequate military forces in Europe. Many people seem to feel that there is really no need for us to hurry to defend ourselves. It is the aggressor, however, not the defender, who chooses the hour of attack. We do not know when the Soviets may decide to strike. The delay in rounding out the military organization for the defense of Europe is therefore a cause for

anxiety. At such a juncture as this can there really be question as to whether a great European Power of 50,000,000 people is to raise three additional divisions to reënforce its three existing divisions? It should be obvious by now that Communism understands only one language—the language of force.

v

The same prewar mentality obtains in dealing with the special problem of Germany. When we speak of a common front to defend Europe with those who only yesterday were the ruthless conquerors of Europe it is natural that we feel mental reservations. But, unfortunately, history will not grant us all the time we might like to overcome this feeling, again precisely because it is the aggressor who chooses the hour to strike. We have no right to count on a breathing space.

An obvious condition of the formation of a single front is the offer of complete equality to Germany. But the question arises whether the Germany of today is trustworthy. Will she be a real ally against Moscow? Last October when I happened to be in Frankfort a young German journalist at a press conference asked me: "Are you not afraid of a recrudescence of German National Socialism? Why do you express so much confidence in Germany?" I replied: "I put my trust not in your subjective intentions, but in objective reality—in the new alignment of the Powers which has taken place in Europe since the last war."

I went on to remind my interviewer that until 1870 France aspired to be the ruler of Europe. In 1870 she was defeated, and the defeat cost her not merely her ambitions to be the ruling European Power but also her place as the leading European Power. For there came on the scene another and even greater Power, which in time took on the rôle of aggressor: the Germany of Bismarck, of the Kaiser and of Hitler. And from 1870 France was placed by the march of events at the head of the defensive coalition of Europe.

Germany was defeated in 1918, but she did not lose her ambition to rule, for she was still the strongest Power in Europe. She bided her time, and thought that it had come in 1939. In 1945, however, she found herself in the circumstances of France in 1870—she was not only defeated, but displaced. For on the European scene there had come another and much greater Power—the Soviet Union. Now this state is in turn the attacker, and

Germany is destined by the course of history to be placed at the vanguard of the defensive front in Europe. "My confidence is not in you and your intentions," I said to the young German newspaperman, "I place my trust in history, which charges you with the mission to defend Europe."

The question of Tito also arises in this connection. Should we seek an alliance with Yugoslavia?

What is the object of an alliance? It aims at establishing the assurance that, at the critical moment, the ally will be a companion in arms against the common enemy. In the case of Tito this assurance may be taken for granted without any special pact. In history, political differences have been forgiven, religious heresies never. And the case of Tito belongs to the second category. Since no compromise between Tito and Stalin is possible, no alliance between Tito and us is necessary. Indeed it would be injurious, for instead of strengthening Tito it would weaken him. Only if he maintains the integrity of his principles can he remain strong and do decisive harm to Stalin. Luther could work effectively against the Pope only in the name of Christ. Had he renounced Christianity and become a Buddhist he would have been a danger no longer. And only in the name of Marx, Lenin and the Stalin of yesterday can Tito injure the Stalin of today. Economic aid can and should be granted to Yugoslavia, but it should be without political qualifications. More than that would serve no useful purpose. Yugoslavia is a signatory to the Charter of the United Nations. The assurance that, in the event of aggression against Yugoslavia, the guarantees of the United Nations Charter would come into operation, and that help would automatically be forthcoming, is the best that can be done for Tito, and is enough.

VI

If the strategic plan of defense has considerable defects in comparison with the economic plan, what might be called the cultural plan is even less adequate. Communist Pan-Slavism has at its disposal an ideological fifth column—the Communist Parties—within all the free nations. It would be difficult for us to organize a correspondingly active ideological force within the Iron Curtain countries. But we can cultivate the ideological bonds among the free nations, especially between Europe and America. They could be far closer than at present.

True, America has granted economic aid to Europe for rehabilitation there, and this has certainly evoked feelings of great gratitude, in the same way that defensive solidarity inspires a feeling of security. But it is nonetheless true that close economic relations do not always lead to close spiritual ties, and it is only human that those who receive benefits, even though they feel grateful, at the same time experience a feeling of inferiority. Spiritual bonds are the strongest of all ties. Efforts have been made to cultivate them, but compared with the effort which has gone into the economic Marshall Plan they are weak. We need a cultural plan of the same magnitude as the Marshall Plan. If facilities could be granted to a considerable number of graduates from the higher schools of learning of the free world to study in America over a period of several years, and if this were balanced in so far as possible by an exchange of American students, there would be created within a comparatively short time a common intellectual and spiritual atmosphere which would round out the economic and strategic plans and give our civilization real unity and concord. Henceforward the destinies of America and of all the other free nations of the world are linked in history. The closer the bonds among them—economic, spiritual and intellectual—the better they will be able to defend freedom and peace.

WIDENING BOUNDARIES OF NATIONAL INTEREST

By Nelson A. Rockefeller

IN A few paragraphs, the fourth point of President Truman's inaugural address in January 1949 phrased a concept that sparked an electric response along the great circuit that links the minds and imaginations of human beings throughout the world. The concept was basically simple. It declared that:

1. Mankind for the first time in history possesses the knowledge and skills to make his environment yield an adequate and progressively improving return to all peoples.

2. Despite this knowledge, more than half of the world's people still live under economic systems which provide less than minimum needs of food, clothing and shelter, and lack the promise of betterment.

3. Since the security and continued prosperity of the United States and other relatively industrialized nations can be maintained only if there is complementary progress in the economically backward areas, we should assume the leadership in a concerted productive effort which will promote both their interests and ours.

4. Basic to the accomplishment of this purpose is a flow of investment capital, carrying with it technical and managerial skills, to create and harness mechanical power and production tools and equipment so that they supplement the work of human muscles. Our policy should focus on creating conditions that permit and encourage such transfers, under procedures that avoid imperialism or any form of exploitation on either side, and are founded upon mutual respect and recognition of a mutual interest.

5. "Democracy alone can supply the vitalizing force to stir the peoples of the world into triumphant action, not only against their human oppressors, but also against their ancient enemies—hunger, misery and despair."

The wide and extraordinarily warm response invoked everywhere outside of the Communist world by this formulation of a new phase of American foreign policy merits examination. Seemingly, it stemmed in part from a recognition that we were thereby taking a further step away from our traditional isolationism. Our acceptance of a common interest between United States and Western Europe had been attested by our participation in two

world wars and by direct military and economic aid, amounting to some 55 billion dollars, given to Europe during and after the second of these struggles. Point Four was a declaration that our interest included a concern for the well-being and progress of the entire world.

Furthermore, this interest was defined not in military or even in political terms. The pronouncement placed it squarely upon economic considerations that linked the continuing progress of our system to a correlative development in the economies of all democratic peoples. As a nation, we have 6 percent of the world's peoples and 7 percent of the world's land area, but more than half of the world's industrial output. Yet we possess only one-third of the raw materials, so that we depend upon others for a large part of our strength. These economic ties have a way of persisting through periods of peace, war or the uneasy half-war, half-peace, in which the world now lives.

Thus, the principles stated in Point Four were accepted as an assurance that we have moved from self-contained sufficiency to a recognition of our responsible partnership in a free-world effort. This emphasis has tremendous import. Its implications should be thoroughly understood here as well as abroad.

There already was no lack of evidence that the United States stood ready to coöperate with other nations in time of need. Over the past ten years the total of its military and economic assistance to other nations has amounted to the staggering sum of approximately 80 billion dollars. But the money was spent for emergency measures to meet successive crises. One after another, lend-lease, UNRRA, the United Kingdom loan, Philippine rehabilitation, Greek and Turkish, Japanese and Korean aid, the Economic Recovery Program, and even to a major degree our subscriptions to the International Bank and Monetary Fund arrangements agreed upon at Bretton Woods—each was submitted to and accepted by the people of the United States as something that must be done to avoid catastrophe, with a strong implication that once it was done the situation would be well in hand and our responsibilities discharged.

It is unfortunate that the presentation of the Point Four concept to the American public and the specific steps implementing it have taken a form that carries the dual connotation of a "give-away program" and one that is principally concerned with sending technicians abroad to offer advice. Humanitarian motives

are deeply ingrained in the United States tradition and have been nourished by the religious and democratic heritage of its people. But the tendency to accept the giving of grants and advice as an all-embracing definition of what is implied in the Point Four program does a major disservice to its basic principles.

Such an interpretation narrows the broad pronouncement of community of interests put forth in the President's original statement, and it even now clearly whittles down the statement of purpose given to the program by Congress in Title IV of its Act for International Development (Public Law 535). In Section 403(a) of this law, Congress states: "It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power." In a preceding paragraph [Section 402 (a)] it is stated: "The peoples of the United States and other nations have a common interest in freedom and in the economic progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace."

It is this emphasis upon community of interests that gives significance to Point Four as an important forward step in the evolution of our foreign policy. Once accepted, it is clear that any program for carrying out our intent must be broad enough to embrace *all* of the aspects in which our economy exerts important impacts upon the economies of others in the free world, not merely the giving of gifts and technical advice. It is equally clear that the program must be a continuing one—geared to the deliberate pace of economic development rather than to the bell-clanging rush of apparatus designed to put out fires.

The pressure of compelling political or security considerations will necessarily change the focus and the emphasis of our economic policies at home and abroad. The policy of Soviet Russia and her dominated satellites is to organize a tightly-contained economic area having the least possible trade with free-world areas. This

necessarily restricts our community of economic interest to those countries outside the Soviet orbit. The militarily aggressive Soviet policy forces us at the present time to give precedence at home and abroad to those aspects of economic activity which will assure successful resistance to that aggression either through direct production of armaments or through correcting deficiencies that make certain areas peculiarly vulnerable to pressure from without or subversion from within.

But the *aim* of our foreign economic policy should remain constant—in peace, in emergency, or in war, if war cannot be avoided. If we live up to our pronouncements, we shall conduct our economic affairs as a whole in a way to further the healthy, balanced development and the progressively larger yield of the economies of all peoples who elect to belong to the free-world trading system.

II

Is the concept of an economic policy based upon community of interest valid? To answer this, we must know the importance of our economic ties to the so-called underdeveloped areas and whether it entitles them to high priority among the competing demands being made upon scarce resources in the present emergency period. First, let us demarcate the areas we are talking about.

The term underdeveloped may be applied to areas of the non-Communist world inhabited by the 1.75 billion people living in Latin America, Africa, Greece, Turkey, the Middle East, South Asia, Southeast Asia and the Pacific islands of Oceania. The term has never been given precise definition; and obviously any descriptive term applied to the above areas will mask the widest disparities in ethnic groups, cultures, religious values, population densities and social and economic institutions, as well as in climates, topographies and resources. A few of the countries situated in these general regions have attained per capita income levels that remove them from the "underdeveloped category," except in the sense that all countries might make better use of their material and human resources. Perhaps they account for about 40,000,000 people. It may be said of the remainder that per capita incomes are appallingly low—generally under \$200 per year and averaging perhaps \$80 a year. Further, their annual outputs in few cases are increasing faster than their populations, and hence they offer little current promise for bettering levels of

living; they are largely agricultural, with low yields per person employed and per acre, so that they seldom produce sufficient foodstuffs to provide a satisfactory domestic diet; and their manufacturing and industrial activity is generally rudimentary.

Despite the meagerness of their individual and collective economic output, the economies of the underdeveloped areas are of crucial importance to the United States and to Western Europe. The very imbalance which limits their production and makes them so vulnerable to world commodity market fluctuations gives them a weight in world trade quite disproportionate to their overall economic performance. They supply 57 percent of the United States' imports and 65 percent of Western Europe's. Of the critical and strategic materials upon which armaments depend, they supply three-quarters of all United States imports and an even higher percentage of those of our European allies. Clearly, the success of the industrial mobilization plans of the North Atlantic Treaty countries is contingent upon the continued and increasing supply from underdeveloped areas of such strategic minerals as bauxite, chrome, copper, lead, manganese, tin, uranium and zinc. The same is true for natural rubber and a variety of important fibers. Our civilian economies are equally dependent upon the same sources for such items as coffee, tea, cocoa and bananas and other fruits and foodstuffs. Seventy-five percent of Western Europe's supply of petroleum comes from the Middle East, and the cutting off of even the 25 percent supplied by Iran would have a most serious impact upon the petroleum economy of the entire Western World.

The interdependence is equally impressive when viewed from the perspective of the underdeveloped areas themselves. Their highly specialized economies depend for more than 70 percent of their total imports on the United States and Western Europe. Any important curtailment of this supply would create chaos for most of them. Their imports represent a decisive proportion of their ever-deficient supplies of manufactures and foodstuffs for consumers, and a preponderant proportion of all of the basic equipment needed both for maintenance and for development.

Here we have a striking example of the principle set forth above, that the Point Four policy must have regard for the total impact of industrialized economies upon the less developed. As our NATO programs for munitions production bite deeper into our available supplies of materials, manufacturing capacities and

manpower skills, there will be—there already is—increasing pressure to tighten up on our export licensing. The underdeveloped areas are dependent upon the United States and Western Europe for imports valued last year at more than 12 billion dollars; and for most of these they have no presently feasible alternate sources of supply. Cutbacks of these exports, even to the degree that we curtail our own output of civilian goods, will have a far more disruptive effect upon their economies, habitually starvation-thin, than we can imagine. Any reckless handling of this problem can create such chaos in the underdeveloped areas that our present imports of raw materials from them may be completely upset, and future imports perhaps lost as a result of their being thrown into the closed economic orbit of the enemy.

One of the strongest arguments for setting up an administration for the whole foreign economic program, including development, is that through export controls alone the United States can do the underdeveloped countries 5 billion dollars' worth of damage. This could never be compensated for by an aid program totalling a few hundred millions, however well intentioned it might be in concept. If we choke off the equipment upon which their industrial progress depends, any program of economic coöperation designed to stimulate economic development in underdeveloped areas will be an act of hypocrisy.

If we look beyond the present emergency to our long-term economic prospects we see that the stake of the United States and Western Europe in an expanding economy throughout the free world is even more impressive. The United States accounts for more than one-half of the heavy industry production of the world, but it mines only about a third of the 15 basic minerals upon which such production depends. Even so, it is depleting its mineral reserves at an exorbitant rate. On balance, the mineral reserves now within Soviet Russia's effective control are larger than those available to the United States within her own borders and from other parts of the Western Hemisphere. Our industry will become increasingly dependent upon imports. If access to the raw materials of the underdeveloped areas were to be denied to us and to Western Europe, our current industrial outputs would be devastatingly affected. Unless development in those areas keeps pace, it simply will not be possible for the United States and Western Europe to continue to expand their economies in the

future in the manner which has given them their strength in the past.

Thus both the security of our free world and our own continuing economic growth are dependent upon the development of the underdeveloped countries. But we should be under no illusions that we could, even if we wanted, expand them as raw material suppliers exclusively, retaining ourselves the more lucrative operations of transferring such materials into manufactures. The history of the United States shows conclusively how stubbornly the people of a nation and of its several segments insist upon the prerogative of diversification, and how wise they are to do so.

Thus while we must seek to expand the free world's raw material production, our policy must be sufficiently broad and sufficiently wise to encourage an industrial expansion as well. The chief incentive of the underdeveloped areas to produce additional raw materials for export will be the desire to acquire the exchange to purchase the equipment for building healthily-balanced economies. Initially they must purchase such heavy equipment from industrialized areas, since machine tools and machinery generally are the product of relatively mature economies. Eventually, they will produce such machines themselves. Those who fear the impact of such competition would do well to consider the volume of market demand if the billion people of the underdeveloped free-world areas could raise their per capita incomes from the present average of \$80 per year to the \$473 level of Western Europe or to the \$1,453 level of the United States.

III

When once the fact of interdependence and community of interest among the United States, Western Europe and the underdeveloped areas of the free world is accepted, two questions thrust themselves forward. The first: Is it within the practical range of our power and resources to aid effectively more than a billion people to move their economies off dead center and imbue them with a dynamism to match our own? If this question can be answered affirmatively, the second is: How?

The 150,000,000 people of the United States have devised an economy which currently produces a national income of well over 250 billion dollars per year. The 270,000,000 people of Western Europe are producing an income totaling 150 billion dollars. The billion people with whom we are concerned live on an income es-

estimated at, perhaps, 80 billion dollars. The several economies are all interrelated. Looking at their magnitude instead of at the numbers of population, we see that the 400 billion dollar economy of the industrialized West can obviously exert a decisive impact on the 80 billion dollar economies to which it is so closely linked. Thus the question of "whether" can be quickly resolved. The answer is affirmative. The question of "how" is far more difficult. Here any answer must take cognizance of the fact that our past relationships with these areas have not, except in a few cases and upon a limited scale, sufficed to plant the seeds of organic growth. But the barrenness of the past record need not be regarded as an index of future possibilities, since until now there has been but little recognition of the need to concentrate on such a goal and no focussed effort to achieve it. The essential job is one of organizing all of our economic relationships with the underdeveloped areas in a fashion to lead consistently toward economic progress. For maximum effectiveness there must be close coördination of policy and practice between the United States and Western Europe.

Last fall, the President asked the International Development Advisory Board to report on how the results he had sought in his Point Four statement could be achieved. The Board consists of 13 men and women from varying walks of life, with varying experience and talents. After some months of work in coöperation with a staff of experts in many fields, they reached unanimous conclusions which they submitted to the President in March. The author of this article served as chairman.

It was our conclusion that in the interest of clear policies and effective operations there should be set up a centralized agency, an Overseas Economic Administration, with powers of administration or coördination sufficient to give consistent direction to the whole United States foreign economic policy. That was the same conclusion reached by Paul Hoffman, former head of E.C.A., in his book, "Peace Can Be Won." The major immediate objectives of our foreign economic policy must include:

1. A drive to increase food production in the underdeveloped areas by 25 percent, which would bring them barely above the minimum needed for health.
2. An increase of 50 percent in the production of raw materials for export by the underdeveloped areas as a means of meeting the needs of the industrialized world and of giving the underdeveloped areas the exchange they need to maintain their economies

and to further their own agricultural and industrial progress.

3. The maintenance of essential exports from the United States and Western Europe at levels which avoid disruptions that might threaten national security; and the accordance of due weight to development needs which would improve the internal economies of the receiving states, giving them positive incentives for adhering to free institutions.

4. A foundation for broad economic development which will increase production and make possible a rising standard of living in the underdeveloped areas.

Under the pressure of current emergency mobilization requirements, our foreign economic policies and procedures are inevitably governed by considerations of national security. Nevertheless, in order to be successful our strategy must take account of the need of preserving the cohesion of the countries of the free world against either external aggression or subversion. To accomplish this, it must embrace far more than the production of arms, although that is essential. For both the emergency and the long-term the instruments for promoting economic progress are the same. They are: the furnishing of capital goods upon which productive efficiency depends; the exchange of consumption goods produced under the advantages derived from the specialized employment of resources and skills; and coöperation to achieve more efficient methods of production and management. At all times the problem is to see that these instruments are used in a way that promotes the combined strength of all the coöperating nations and the individual strength of each within the group.

It will not be enough to provide merely for the coördination of policy and administration within the United States, though the need for this is indicated by the fact that there are at least 33 international agencies and 23 United States agencies presently administering more or less autonomous programs having some bearing upon foreign economic relationships. Even the most efficient centralization or coördination on our part will not produce useful results in the underdeveloped areas unless we have a clear and intelligent conception of their local needs. To this end, the central organization in the United States should be set up on regional lines, with an assistant administrator in charge of the program for each of the major areas. Since the economic program should be developed in accord with the over-all foreign policy of the United States, the regions should parallel the desk organiza-

tion of the State Department. It would be wise to provide for two special assistants to the general administrator of the central organization, one to encourage the participation of private business and non-profit groups, and the other to correlate United States activities with those of the United Nations and other international agencies.

It is obvious that the major impetus for economic progress in the underdeveloped areas must come from local initiative and local resources. Foreign capital, economic and social coöperation, and technical aid can be extraordinarily useful—they may even be essential in the initial development stage—but they can never have a decisive effect unless the people concerned show a will for improvement and offer genuine hospitality. Within each region, development plans must be worked out on a country-to-country basis; within each country, they must be worked out coöperatively with the citizens and their government representatives. The regional representatives in the central United States establishment should help develop over-all plans with respect to each country through a joint commission containing strong local representation in addition to those who are assigned from the United States. They would have the continuing responsibility of seeing that the sum of American economic relationships serves a constructive end.¹

IV

In the above sections an attempt has been made to answer in the space available, the questions of “whether” and “how.” There remains the overridingly important question of “what.” The following paragraphs will attempt to outline the steps which might be taken to answer that question.

Economic progress in the underdeveloped areas as elsewhere depends upon three main factors.

The first is the production and distribution of goods. This is primarily a function of private enterprise, from the smallest farmer to the largest industrial corporation. It is logical, therefore, that we should help others in these fields by encouraging private direct investments abroad or joint investments with private domestic capital.

¹ *Author's Note:* For a more complete exposition of the above ideas see “Partners in Progress, a Report to President Truman,” by the International Development Advisory Board (Simon and Schuster, New York, 1951). The author of this article gratefully acknowledges his debt to the other Board members and to its staff in the formulation of most of the concepts here set forth.

The second factor is that of the basic services of health and sanitation, education, agriculture, public administration and training people in basic skills. A variety of philanthropic and religious groups pioneered in carrying American procedures in these activities abroad. Now these are becoming more and more subject to government initiative. Our Government is best equipped to coöperate in these fields with government agencies abroad, either through its own technicians, those of the United Nations or experienced voluntary agencies.

The third factor is public works such as roads, railways, harbors and irrigation projects. These are primarily the responsibility of governments, but in many areas are developed by private capital.

Efficient agricultural and industrial production depends upon capital investment. The underdeveloped areas, with an average per capita income of \$80 a year, simply do not generate sufficient savings to provide the needed capital equipment. Few of them have the will or the mechanisms to channel even their limited savings into productive uses.

Pioneer economies everywhere have depended for their initial forward impetus upon the foreign private investments provided by relatively mature economies. Investment in frontier areas has always entailed great risks. Historically, however, the large returns from successful ventures have more than offset the losses from those that failed. At the height of Britain's economic power, private foreign investment amounted to a fabulous 10 percent of her total national income, and it averaged almost 2.5 percent for a period of more than 30 years. Private foreign investment from the United States has lately been averaging less than .5 percent; and the United Kingdom and other countries of Europe no longer have any considerable margin of funds to commit abroad.

One major reason for the decline in foreign private investment is to be found in the new tax structures of industrialized countries. Corporation and individual income taxes absorb so much that what is left from bonanza enterprises no longer compensates for the capital lost in ventures that fail. Hence, a premium has been placed upon security in investments; investment in high-return, high-risk ventures has been discouraged. This has militated particularly against foreign investments in frontier areas, where the business risks remain as high as formerly and the non-business risks—political disturbances, expropriation, discrimina-

tory treatment, exchange losses, transfer difficulties and the like—are even greater than formerly. Underdeveloped areas obviously could do much to reduce such hazards, and should be encouraged to do so. But it is well within the power of the United States, the leading creditor nation, to take steps that, at relatively modest cost, would greatly increase the incentives for private investors to renew their interest in foreign investments.

The simplest, most effective and cheapest way would be for the United States to adopt the general principle that corporate taxes will be imposed on earnings only in the country in which they are realized, without requiring that the difference between the foreign corporate tax and the United States corporate tax be paid when they are repatriated. Tax rates are generally low in underdeveloped areas, and this is one of the few genuine incentives they can hold forth. But the incentive is completely discounted by the United States tax law. Although the loss in tax revenues to our Treasury through the immediate adoption of this measure would be small (\$200,000,000 on the basis of 1947 figures, the latest available), it would probably be expedient during the current budgetary stringency to restrict the concession to *new* foreign corporate investments only, with the provision that it should automatically apply to all foreign corporate investments when the emergency is officially declared ended. A partial exemption should be offered to individual investments abroad that would offer incentives comparable to those granted corporations.

In addition to such tax incentives, there is genuine need for a banking facility not now in existence. Its job would be to furnish senior or equity capital to cover the domestic currency costs of establishing an enterprise. Many potential investors are willing to hazard the exchange risks of the dollar (usually the equipment) cost of a foreign project but hesitate to transfer additional dollars to cover land, building and labor costs and working capital. There is a similar difficulty, though for other reasons, in finding local investors to carry the domestic costs.

The International Bank for Reconstruction and Development has long been interested in the above problem. There is reason to believe that it would be glad to operate, as an affiliate, an International Finance Corporation which would make loans in local or foreign currencies without requiring government guarantees and likewise make non-voting equity investments in local currencies in participation with private investors. Obviously, the

Finance Corporation would select its investments upon criteria of soundness; and there is expectation that it would realize sufficient profit from the sale of its equity holdings in successful ventures to compensate it for all risks taken. Such sales should be to domestic investors, who would acquire full voting rights with all equity stock purchased. This would be an effective step—long urgently needed—toward bringing about the local marketing of securities.

A still further step that might help to renew interest on the part of United States investors in gilt-edge foreign portfolio securities would be for the Export-Import Bank to exercise the authority it already possesses to underwrite, for a proper fee, the transfer risks of the interest and amortization on dollar debt securities of highest credit rating. The issuing corporation, which would be responsible for the risks of exchange depreciation, would thus have the advantage of obtaining long-term credit that is seldom to be had in its local market; and United States investors would again have reason to look favorably on at least some foreign offerings. If a recently-petitioned modification of the rigid New York State restrictions upon the type of investments eligible to insurance reserves is allowed, United States insurance companies will be enabled to invest 5 percent of their funds in high-grade securities abroad.

No one can state with certainty what influence the above-recommended measures would have on our private investment in underdeveloped areas. At the current rate it averages about \$700,000,000 per year. Perhaps this would be tripled. Private foreign investment then would still represent less than 1 percent of our national income. We invested about twice that abroad during the 1920's, and more would be desirable now.

In making recommendations concerning the second factor—basic services, such as health, sanitation, education, training—the International Development Advisory Board studied various types of coöperation. Technical assistance alone is not sufficiently broad in concept or operation to achieve the necessary results. Nor would a United States program operated by United States personnel and paid for by the United States do the job; even if it succeeds momentarily, such a project creates jealousies among local officials; and when the United States stops, the whole project stops. Joint planning and operations in which United States and local government personnel work together,

using joint resources, are needed. A specific target must be selected, and the people and resources of the country used fully. At a rate set in advance, the United States share of financing would be reduced and the local share would rise, so that at the end of the fixed period service would be entirely in local hands.

The third field—that of heavy public works—presents the most problems, and yet it is of basic importance. Huge sums can be wasted on such projects through bad planning, bad construction, bad operation. The inherent weakness here lies in the fact that the money of American taxpayers is spent for projects to be run by governments other than their own. Yet the more we try to assure high standards, the more resentment we are apt to generate on the ground that we are intervening in the internal affairs of another government.

Yet there are many cases where basic public works must precede or accompany any progress in agricultural or industrial development. Even in an emergency period, when long-term projects are subordinated to immediate needs, it becomes necessary to build highways, railways or port facilities to get out raw materials or to support new domestic production in vulnerable areas which are difficult to supply through normal exports. Since the governments of underdeveloped areas have limited ability to raise capital, outside aid is needed. The problem is to organize public works aid in a manner to avoid corrupting our political relationships—easy money, slush-fund politics on an international scale—and outraging the tolerance of our Congress and our people.

Perhaps the best way to organize assistance in this field is through an International Development Authority, which in turn could organize local authorities to carry out approved projects. The administration of its activities might well be entrusted to the International Bank for Reconstruction and Development, which has had much experience and knows how to exercise sound business judgment in assuring the feasibility of projects and in analyzing national development needs and credit potentials. There is no need to duplicate its staff work. In the course of its investigations it has turned up many useful development projects which it cannot accommodate because local credit cannot support the entire cost. Its officials believe that a number of sound loans could be made, for example, to support large-scale mining projects, if the access roads or port facilities could be given grant assistance.

If such an International Development Authority were set up—supported by major contributors to the International Bank for Reconstruction and Development in the same proportion that they subscribe to the Bank's capital, *i.e.* 40 percent by the United States and 60 percent by the other participants—the apparently insoluble problem of organizing efficient support for public works in underdeveloped areas might be overcome. There would be no need for a big “give-away program” by the United States, with all the accompanying pressures and strains upon good will and all of the difficulties of imposing proper controls. The funds would be administered by the World Bank, which is in a position to turn down unsound projects and accommodate useful ones with far less strain than arises when the negotiators are separate national sovereignties.

Under the auspices of such an international agency, it would be possible to establish a Jordan Valley Authority, for example, which could help settle the 750,000 Arab refugees from Palestine, one of the grave sources of unrest in the Middle East. At present, these people are being barely kept alive by some 30 or 40 million dollars of relief expenses a year. This is a palliative, not a solution. The reclamation of several million potentially fertile acres is possible, both in the Arab countries and Israel, but it is expensive. It could be accomplished through the combination of a loan from the International Bank, meeting the costs that could be repaid over a period of years, plus a grant from the International Development Authority, meeting the costs which would not be a sound banking risk. Furthermore, this would be an international loan and grant, representing a genuinely coöperative effort of the whole free world.

v

What would be the cost of a program like that here set forth? It would not be inconsiderable. But neither are the costs that we shall have to bear if major areas of the world which form part of the fabric of our national economic life and our political security are alienated. The military budget of our present armament program alone will rise shortly to an annual rate of 60 billion dollars.

The foreign aid budget submitted by the Administration for the coming fiscal year contains more than \$500,000,000 earmarked for coöperation with underdeveloped areas. Such a sum would certainly be adequate to cover all of the proposals set forth

above. Three-fifths of it would more than provide for the regional programs of the Overseas Economic Administration recommended as the centralized agency, and for its apportionments to United Nations programs. The remaining \$200,000,000 would represent the United States' contribution to the International Development Authority, to be supplemented by \$300,000,000 from other participants.

The proposed International Finance Corporation might require a United States authorization of \$150,000,000, supplementing \$250,000,000 from other nations, but that would be a capital sum to be put to sound investment use and returnable to be used again. The same would be true for the \$100,000,000 sum that might be authorized for the Export-Import Bank's support of the transfer insurance function. Thus, the total cost to the United States for the coming fiscal year would be \$500,000,000 appropriated for economic coöperation in annual grants and \$250,000,000 in capital authorizations.

What might the expectations be from such a program in the flow of funds to underdeveloped areas? All the measures combined, including the release of savings in the underdeveloped areas themselves, might mean a flow of capital into productive channels of 3 or 4 billion dollars a year.

An annual flow of funds of this dimension would not accomplish miracles overnight. It would not result in European levels of living for most of the billion people in the underdeveloped areas for many weary years. But its potential force should not be undervalued. Not much is known about domestic capital accumulation in the underdeveloped areas, but the total is probably not more than 6 to 7 billion dollars annually. Only a small fraction of that total is channeled into new *productive* enterprise. If 3 billion dollars annually were directed wisely into crucially productive channels, if it were supplemented by additional grants or investments from other relatively advanced economies, if our procurement and export policies are handled with due regard to the interests of the whole free world—the tempo of economic advance in the areas in question would be, in truth, revolutionized. The hope of discernible progress would replace the despair of stagnation. And we should have gone far toward giving meaning to the institutions of democracy, and a sense of a living and deepening community of interest to free nations.

THE PACIFIC PACT: LOOKING FORWARD OR BACKWARD?

By Ben C. Limb

AN ANCIENT Korean proverb states: "You can mend with a trowel today what it will take a spade to mend tomorrow." The Republic of Korea, believing in the importance of careful advance preparations for the future, is vitally interested in the current discussion of the proposed Pacific Pact. Even in the midst of her bitter struggle for survival as a nation, Korea regards with deep interest the possibility of a security framework in the Pacific area. Her present goal, of course, is the establishment of a unified, independent and democratic Korea. But she fully realizes that—even after having achieved this goal completely—she could not long exist as a free state if peace and security had not been established on a sound basis throughout the Pacific.

The most far-sighted and efficient method of achieving stability in the Far East would be the early initiation and conclusion of a comprehensive Pacific Pact patterned broadly along the lines of the Atlantic Pact, though not restricted to a particular number of signatories. Naked Communist aggression has already erupted in Asia, and there is an urgent need to weld the heterogeneous Far Eastern states into a solid, strong and coöperative bloc.

Special Ambassador John Foster Dulles told the United Nations Association of Japan on April 23, 1951, that the United States does not intend to abandon Asia and is taking concrete steps to build up a multi-power security arrangement. To prove continued American determination to stand firmly in Asia, he said that the United States is prepared to conclude a mutual defense arrangement with Australia and New Zealand. In discussions, this is being called a "Pacific Pact." At the same time, Mr. Dulles announced that the United States has offered Japan a bilateral security arrangement, and he reiterated the words of President Truman that an armed attack upon the Philippines would be regarded by the United States "as dangerous to its own peace and safety." Furthermore, in its decision to support the United Nations stand against Communist aggression in Korea, the United States also now has an active *de facto* working alliance with the Republic of Korea.

II

But, unfortunately, a clear-cut pattern for a strong and homogeneous regional organization does not appear to be emerging at this time from such a combination of assurances, bilateral arrangements, and a narrowly-limited pact. It may well be that the major purpose of the proposed Pacific Pact is to facilitate the rapid conclusion of a Japanese peace treaty by formally assuring Australia and New Zealand that the United States is prepared to defend them against any possible Japanese aggression in the future. If such is the case, then the proposed Pact is unfortunately being oriented toward past events and situations rather than toward the future. Could not a unilateral American declaration just as effectively (and much more simply) accomplish that purpose? If, on the other hand, the development and advancement of a real Pacific community is the goal, then would not the rigidly limited pact that is being currently proposed be dangerously inadequate?

Such an exclusive pact would not promote the mutual and free coöperation of the Asian nations. Indeed, it might very well arouse more enmity than good will among them. The tides of nationalism have risen so high and so rapidly throughout Asia, and the revulsion against the "white man's burden" concept of colonialism is so deep-seated, that such a pact may be construed in many quarters as a "white man's" arrangement for the mutual safety of "white" countries. If that sort of feeling developed throughout the whole East, many nations would adamantly refuse to enter the pact at a later date even if invited. And, of course, the Cominform will exploit to the fullest the natural resentments toward such a pact by connecting it to the familiar Communist charge that the United Nations action in Korea is after all "just another case of the effort of white imperialists to subjugate and colonialize Asia."

The real purpose of a truly regional organization should be to develop most effectively the mutual coöperation of the nations of that area for the common good. A restricted pact, combined with a loose conglomeration of bilateral agreements, might very well produce the exactly opposite result. The fundamental premise of the original North Atlantic Treaty may be construed as being that it is wiser to base a regional organization on a broad membership at its inception, even if this means the sacrifice temporarily of depth in functional powers. Even so, it may not have

been broad enough to fulfil its purpose. An "open end" arrangement is more adaptable to changing circumstances; it provides a ready portal for the entrance of a nation which may temporarily wish to abstain. For example, while India may decide initially to remain aloof from an extensive Pacific pact because of her own notions of "neutrality," she could—and probably would—join the organization later when it became evident to her that the majority of the Pacific nations had constructed an effective security mechanism. Finally, such a nonrestricted and broad arrangement would be more in conformity with the general philosophy and principles expressed in the United Nations Charter.

As the pact proposed by Ambassador Dulles stands now—even with the possible formal inclusion of the Philippines and Japan—it consists only of the Pacific island nations and the United States. It contains no Asiatic mainland countries, and overlooks Canada as a Pacific Power. It has been asserted that this pact should logically include only "nations in the Pacific Ocean" and the United States, because if it went beyond that it would then become an "Asia Pact." If the Atlantic Pact had been organized upon a similar basis, it would now include only the United States, Great Britain and Iceland. Furthermore, Americans may well ask themselves how such an exclusive and inflexible Pacific islands pact could increase the security of the United States herself, since it would automatically preclude the possible later admission of the nations of the vast Asian continent.

A true Pacific Pact, to insure the broadest possible membership, should be open not only to *all* free Asian nations desirous of joining, but should also begin modestly by providing for economic, social and cultural coöperation. As President Syngman Rhee proposed in his Korean Independence Day speech of March 1, 1950, in Seoul: "As I see it, initially, such a pact in the Pacific would not be either directly or indirectly in the nature of a military alliance. It would be an agreement to develop the widest possible interchange between signatories, and the widest possible domestic development within signatory states, of social, cultural and economic intercourse. I propose that we begin at the economic, social and cultural level in developing our pact for the Pacific. How it grows thereafter, time alone can say." Such a beginning would tend to allay the fears of several of the highly "neutralist" countries. For example, Premier Thakin Nu of Burma, although refusing to join a purely military alliance, did express specific in-

terest in participating in an "anti-aggression bloc."¹ Again, Indonesia and Pakistan, while having no apparent desire to join a purely military bloc, have expressed a certain willingness to enter into an organization based upon firm economic and cultural foundations.² And, as the futility of neutrality in today's world becomes more and more patent to these nations, the gradual increase in the military powers of a functioning regional organization will be more readily approved. Indeed, it may be possible in the not too distant future to have a closely organized and potentially powerful high Asian command similar to General Eisenhower's command in Europe. As Dr. Rhee has pointed out: "We all must realize that our security rests basically in our association among the brotherhood of free nations. In today's world, there is no nation, however powerful, that dares to stand alone."

The problem as to which Chinese "government" should be permitted to enter this pact seems to me to be susceptible to plain answer. Since all regional arrangements lie within the jurisdiction of the United Nations Charter, it is reasonable to believe that the Chinese Government sitting legally in the United Nations at the time the Pact is organized would logically be the one eligible for membership in the Pact. I personally believe, of course, that since the Peking régime has deliberately defied the authority of the United Nations, it has forfeited all privileges of participating in collective security agreements. Furthermore, as Dean Rusk, Assistant Secretary of State for Far Eastern Affairs, pointed out in his speech on May 18 before the China Institute of America, the Communist régime in China might be "a colonial Russian government" but it certainly isn't Chinese and is not "the government of China." The Nationalist Government more "authentically" represents the people of China, according to Mr. Rusk. It therefore should be considered for membership in the Pact.

Assuming that the peace treaty with Japan had been concluded, Japan might be associated in the broad Pacific Pact in somewhat the same way that plans have been made to associate Germany in the North Atlantic defense arrangements. In this manner, the natural fears of Australia, New Zealand and others of a resurgent Japan could be mitigated. Sir George Sansom, writing in an earlier issue of this magazine,³ pointed out that

¹ Cf. *The New York Times*, March 5 and 6, 1950.

² Cf. *Far Eastern Survey*, August 16, 1950.

³ Sir George Sansom, "Conflicting Purposes in Japan," *Foreign Affairs*, January 1948.

Japan became the "strongest power in eastern Asia largely because it had suited the United Kingdom and the United States to encourage her development." It is to be hoped that those two great nations will in the future desire to develop the several Asian states rather than once again permitting the situation of the early part of the twentieth century whereby all Western hopes for checking the further expansion of Russia rested upon a single country—Japan. A broad pact which would include as many Asian countries as possible, and which would also include both the United States and Canada, could effectively prevent the recurrence of such a situation.

III

A solidly-rebuilt Korea would also reassure many of the Asian nations subscribing to a Pacific Pact that they need not necessarily fear a possible emergent militarism from a rejuvenated Japan. Since Korea is in the strategic part of north Asia, since she has demonstrated a whole-souled allegiance to the democratic world, and since she has a 4,000-year-old history of nonaggression against her neighbors, she is not likely to be feared or suspected of aggressive designs by the Asians whose friendship the free world desires to keep. Within the limits of her strength, indeed, she would be a barrier to any Japanese dream of making another bid for oriental hegemony.

Indeed, the Republic of Korea not only has a deep and abiding desire to participate in a truly effective regional organization, but feels that she has much to contribute in various fields to such a broad arrangement for Pacific coöperation. Concretely, Korea has all the basic agricultural, mineral, hydroelectric and manpower resources necessary for her development as a dynamic industrial nation. She could thus aid in the development of a more diversified economy for the Pacific community. The Korean Army could also be built up to a point at which it would provide a helpful stabilizing factor for the northeast Asian area. Since the outbreak of hostilities last June, more than 500,000 men have been well trained, in the most adverse circumstances; these Korean soldiers would provide a strong military reserve in a broad policy of collective security in the Pacific. In addition, as Paul Hoffman has said, "Korea is a bastion of democracy," and as such she can help to provide a solid and constructive ideological basis for the new Pact. Korea would indeed be a living proof

that it is both possible and feasible to defeat the aggressive designs of internationally irresponsible régimes by collective action.

Of course, Korea cannot contribute to the Pacific community if the Chinese Communist aggression is not clearly defeated; a corpse would make a poor neighbor. In her hours of bitter tragedy, Korea struggles for her survival and for a brighter future. The resiliency of the Republic of Korea has amazed even her closest friends. Despite the blood baths drawn for her by the puppet Pyongyang régime and Communist China, the Republic of Korea has neither drowned, nor sunk into the depths of despair and apathy.

Korea fights for the right to live as an independent, unified and democratic nation. President Truman has declared this to be the aim of United States policy as well. It is also the announced intention of the United Nations. Koreans will be eternally grateful for the friendship and assistance of the United States and the United Nations. My country is proud to be the front-line force of the armies of the free peoples struggling against imperial Communist aggression. Korea did not waver for a moment when the Communists attacked her in June of last year, and she has never hesitated or entertained any thoughts of surrender or appeasement. Longitude and latitude lines on a map are poor substitutes for natural boundaries, as the history of the Mason-Dixon Line, "Fifty-Four-Forty," and Spain's and Portugal's attempted division of the world on a meridian 370 leagues west of Portugal's Cape Verde Islands have proven. Similarly, any talk of the creation of a buffer strip in the northernmost part of Korea is unrealistic. Such proposals would not only neglect to punish the aggressor but would also have the effect of accepting the destruction of the age-old cultural, political, economic and social homogeneity of the Korean people. The natural boundary formed by the Yalu and Tumen Rivers and Mt. Paktusan is the only just and equitable safe line for the Korean nation; it had been the respected border from time immemorial. I venture to point out again that never in Korea's 4,000-year-long history has she committed an act of aggression over that boundary.

To achieve the goal of unified independence, the Republic of Korea has paid and will willingly continue to pay a frightful toll. At the time of this writing she has already sustained some million civilian and military casualties—more than 3 percent of the entire population—both North and South. The refugee problem has

been particularly acute. Not only did millions in the South have to flee toward the Pusan area during the successive invasions, but also millions from the North fled southward when the United Nations forces were forced out of northern Korea last fall. J. Donald Kingsley, United Nations Agent-General, estimated in an address before the Women's National Press Club in Washington, D.C., on February 28 that there were more than 3,500,000 people in Korea who now have no homes whatsoever; he said that he had never seen anything "more completely destitute and pitiful." General MacArthur said that in his whole experience of war he had never seen such destruction. Korea has been terribly scathed by three successive martial fires sweeping across almost her entire peninsula. The scorched-earth policy necessary in modern warfare has destroyed homes, crops, schools, churches and industrial facilities.

Nevertheless, Korea does not resent the terrible havoc wreaked upon her. She is willing to pay the price to achieve her long-sought independence and to awaken the rest of the free world to the ever-present danger. The cost is worthwhile if the result is a unified, independent and democratic nation able to exist within a regional security framework insuring freedom from foreign imperialism.

To accomplish this purpose, it is apparent that additional measures must be taken by the United Nations. A step in the right direction was taken when the General Assembly voted 47-0 in May 1951 to apply an arms embargo against Communist China and North Korea. It may be necessary to institute a tight naval blockade and land blockade to prevent the violation of the embargo by the countries which did not support the action. Korea is pleased, naturally, to note a stiffening attitude in several quarters toward Communist China, and hopes that it will result in a speedier conclusion to the conflict. Korea prays that her often repeated requests for more arms for the trained Korean troops who number nearly 500,000 will be speedily honored. These soldiers are eager to fight for their homeland and ask only for the weapons with which to do so. If such a large and well-equipped force is added to the present United Nations contingents in the field, the scales of war could very well be suddenly and decisively tipped in favor of the free world. *The New York Times* on April 15 this year said editorially: "The proper persons to guard Korea are Koreans. But even the bravest Koreans cannot stand up to Russian-made tanks with nothing better than small arms or

broomsticks. The forces of the Republic of Korea must be made formidable.”

IV

Even if the war were successfully concluded tomorrow, a tremendous task of rehabilitation would face Korea. It was estimated much earlier in the war that the cost of reconstruction would be roughly two billion dollars. The United Nations has subscribed part of this amount, and the United States has agreed to pay approximately 65 percent of the U.N. contribution. The West has been zealous in the military prosecution of this war. It is to be hoped that, when the war is over, there will be equal zeal in utilizing this fund (and additional appropriations as well) for the reconstruction of the battered peninsula. Korea's most immediate needs are fertilizers for this year's rice crop and the restoration of power plants. Lack of fuel causes some operable plants to lie idle, and the lack of transportation for anything except military matériel has created serious bottlenecks in civilian commercial channels. The United Nations has the responsibility for demonstrating to Asia that utter ruin and devastation are not the rewards of efforts to resist international lawlessness.

In the meantime, however, the ROK Government is not idly waiting for foreign assistance. In spite of the appalling problems created by the war, Korea is attempting to be self-reliant in all possible ways. She wishes to demonstrate to the entire world her determination to be a competent and stable member of the Pacific community. Not only is there a strong will to resist the enemy but a full capacity to manage her normal affairs exists as well.

We are doing everything possible to alleviate the immediate refugee problem. For example, Pusan, with an original population of 300,000, was swollen to five times its normal size by the refugees who crowded into the city. Most of these refugees, however, did not have to be put into camps or on public relief; all the civilian Koreans gladly kept their doors wide open for both Northern and Southern refugees and utilized every square foot of their homes for emergency housing. Many Korean welfare associations and Christian aid societies have combined their efforts to attack the problem. The country has fortunately been able to escape the horror of mass epidemics, due to the generous supplies of medicines provided by the United States and the Civil Assistance Command of the United Nations. We indeed appreciate the con-

tributions made by member states of the United Nations and various relief societies throughout the world; they have made it possible to save millions of poor people who were near death.

In one of his very last reports to the Security Council, the United Nations Commander, General Douglas MacArthur, stated that the essential commodity prices in the domestic economic life have been stabilized. He added: "This steadiness in prices reflects the progress of the Republic of Korea Government's food collection program, which is increasing the flow of food supplies." By February 24 of this year the collection program was more than 50 percent completed. Its main purpose is to provide the average Korean citizen with as many of the absolute essentials of life as possible at uninflated prices and in steadily available quantities.

In order to prepare for the future, a complete system of agrarian reform has been instituted and is being vigorously pressed. Under the Land Reform Act of June 1950, 1,029,000 acres have to date been sold to farmers and are being paid for by an average of 30 percent of the crop for five years (including taxes, amortization, etc.). By this means, farm tenantry will be reduced to only 10 percent of all arable lands. The former landlord-owners are paid in government certificates which may (if they so desire) be redeemed through the purchase of factories formerly owned by Japanese and turned over by the American Military Government to the Korean Government. Thus a new industrial class is given a chance to rise and act as a model for other heavily-agrarian Asian nations. To aid the whole program, the *Korea Times* reports, the Ministry of Finance is loaning ten billion *won* as a special agricultural fund to farmers this year. Most of the fund will go directly to farmers in devastated areas. Since Korea is normally a rice-exporting nation, a more efficient and increased agriculture will be of direct benefit to the Pacific community.

The Government has increased taxes in order to strive for a balanced budget for the coming year. Also, special funds are thus to be provided for the rebuilding of certain of the industrial complexes in the Seoul-Inchon area and the Pyongyang and Wonsan areas. By following the policy of "pay-as-you-go" whenever possible, it is hoped to keep the future war debt as low as possible. This policy will permit Korea to assume her fair share of responsibilities of membership in a Pacific Pact.

Great strides have already been made in the educational system. Dr. George Paik, Minister of Education, has worked stren-

uously to overcome the handicaps imposed by the war. Despite the fact that most of the school buildings in the invaded districts (except South Kyung Sang Province) were destroyed, burnt or robbed of their equipment and facilities, nearly 3,000 elementary schools, more than 400 middle schools and 53 specialized schools are now open and operating. The new school term began on February 10 as ordered, even though it meant holding classes on the beaches, in open fields and under tents. Because of the large number of teachers and professors who were either taken away or killed by the invaders, and because of the retrenchment policy of the Government which made necessary a 30 percent reduction in the teaching staffs, the teaching load per instructor was doubled. Hence, the training of new teachers has become an integral part of the educational program, and 12 normal schools and 17 colleges and universities are now operating. The Education Ministry also established special schools and classes in the refugee camps to accommodate all the evacuated students. An expanded program of adult education is also under way; the objective is to banish illiteracy from the entire country. Because of the need for scientific and technical skills for postwar reconstruction, greater stress is being laid on vocational education. Korea is fully aware that her future growth and development rest upon the training given to her young generation today. She hopes to be able to provide the Pacific community with an example of a sound educational system and an important reserve of technical and scientific specialists.

In the planning stage is a vast expansion of Korea's fishing industry, one of her three largest income-producers. The Ministry of Commerce and Industry has adopted the policy of building and buying at least 500 fishing boats each year for the next ten years in order to modernize the Korean fishing fleets and replace vessels expropriated by the Japanese. It is also planning an increase in the number of fishing schools, to provide more technicians in the industry. In 1937 the catch of fish was 2,115,985 tons; by modernizing the industry, Korea will increase this yield, provide Koreans with a more balanced diet, and perhaps make it possible for Korea to share her maritime riches with her neighbors.

A tremendous development of Korea's industrial potential is also planned. Like other nations, Korea will solve her over-all economic problem only as she develops her industrial capacities. Civilization makes its most notable advances as the machine be-

comes the servant of man; factories produce consumer goods and provide income from which workers can purchase them. Korea has varied mineral and coal deposits, and hydroelectric power—all the resources, except oil, for an extensive industrialization; among them may be listed coal, iron, gold, silver, copper, lead, zinc, tungsten, lithium, mica, nickel, barytes, molybdenum, magnesite, alum, shale, graphite, fluorospar, kaolin and timber reserves. Korean industrial development could thus offer an example of an enlightened and more balanced economic system for the “backward areas” of Asia. Korea fervently hopes that she will be given the opportunity to contribute the fruits of these accomplishments and progressive projects, as soon as possible, to the Pacific community. She hopes that these ambitions will not be thwarted by a failure of Western and Asian aid to establish a comprehensive framework of coöperation and security in the East. The early formulation of an extensive and comprehensive Pacific Pact offers the best hope of the achievement of such goals as these.

The Korean people are more determined than ever to continue their fight for survival; and even in the midst of war they are striving for a better national life. They are more than willing to share in the collective action necessary for the collective security within a Pacific Pact. Korea's future rôle in the Pacific community will be that of a proud, modern and coöperative partner in a new and free Asia.

MAO'S STRATAGEM OF LAND REFORM

By C. M. Chang

SINCE Mao Tse-tung's rise to leadership in the early 1930's, "land reform" has been the principal feature of the Chinese Communist Party line. It is the factor most stressed by the Communists themselves; it is the aspect of Mao's program most discussed abroad. Yet although few foreigners entertain any longer the notion that the Chinese Communists are "mere agrarian reformers," and though it is apparent that the agrarian policy of the Chinese Communists can be understood only when viewed within the framework of the total Marxist-Leninist-Stalinist ideology, misconceptions about the objectives of "land reform" are still widespread.

It is said in particular that Mao's program is primarily designed as a measure to win support for the new régime. Land in China, the theory runs, has been concentrated in the hands of predatory landlords who exacted exorbitant rents from their oppressed tenants. Agrarian discontent was thus gnawing at the vitals of the old order. By setting out to remedy this situation, the Communists won the peasantry to their banners. By promising free land to all, they "broke open the peasant's soul and released a flood of mass passion" (to borrow an eloquent passage) which swelled the waters of war and revolution and swept Chiang Kai-shek's régime away.

The corollary of this thesis is that Mao's agrarian program is a genuine attempt to improve the living standard of the masses. Many people in China barely subsist (so the argument runs), and at times they do not even do that: less than 10 percent of the people own more than 80 percent of the arable land.¹ But the Communists, unlike the Nationalists, have in mind the welfare of the suffering people. They are determined to alleviate their hard lot. Redistribution of land will put an end to payments to the landlords, and then another series of measures will lay the foundation of a prosperous rural life. The conclusion is that the welfare of the peasants is the objective of the Communists' program and the basis of their political power.

This pleasant picture deserves closer scrutiny. It is certainly

¹ For a description of the actual situation, see J. Lossing Buck, "Fact and Theory about China's Land," *Foreign Affairs*, October 1949.

true that Mao Tse-tung and his group desire political power, and there is no doubt that they look upon the agrarian program as a means of acquiring it. There is no doubt also that land reform has helped swell Mao's army. But the method used was rather different from the ideal version of the policy. What Mao did was to plunge rural society in China into such depths of despair that the peasants had no choice but to follow him. The technique was to resort to indiscriminate confiscation, violence and carnage in order, first, to destroy the means by which the peasants could make an independent living, and second, to instill in them the fear of retribution. A Communist document of the thirties put the purpose of land reform in plain terms: "to make the peasant participate in mob violence so as to brand him forever as a Mao Tse-tung man; the fear of revenge at the hands of Chiang Kai-shek and the landlords will make it impossible for him to lead a normal life again."²

During the war years the Communists did, indeed, enjoy support of a different kind. Then more than at any other time during the three decades of its history, the Chinese Communist Party enjoyed moral prestige and received willing assistance from the people. But this was the period in which the land reform program was suspended. The Communists proclaimed themselves the advocates of democracy, nationalism and social justice—objectives which are indeed close to the hearts of the Chinese. Mao Tse-tung's "On New Democracy" had a liberal ring. Not without reason many genuine liberals were attracted to the Communist standard. Unfortunately, Mao's "liberalism" was a stratagem.

The fact is that the division of land offers no solution for China's fundamental economic problem—the pressure of population upon resources. No amount of redistribution, no matter how justly and how wisely done, will change the ratio of land to man—approximately one-half acre of land per farm person. The Communist leaders are well aware of this. They raise the picture of social justice through redistribution of land for purposes of their own. Misunderstandings of their objectives are welcome to them, since they help disguise the actual purpose of the land program. It has nothing to do with "reform."

The word "reform" is, indeed a mistranslation of the Chinese *kai ko*, which means "transformation." In the Communist view,

² Quoted by Li Shi-nung, "The Bourgeoisie and Peasantry as Reserves of the Chinese Communist Party," 1950.

"land reform" is an instrument for sharpening the class conflict and promoting revolution. The Marxist-Leninist revolution—and the revolutionary power which it confers—are the objectives. The welfare of the peasants of China is as incidental to that central purpose as the "welfare" of the steel rails which carry the trains of the Communist leaders from one spot to another. According to the Stalinist doctrine a revolutionary program in a semi-colonial country has three distinct stages: first, a struggle against foreign imperialism; second, an agrarian revolution under the leadership of the Communist Party; and finally, a proletarian dictatorship. In China the fight against imperialist domination has nearly come to an end. The key step is the second—the agrarian revolution. It is in the light of this revolutionary process that the real significance of the Communist agrarian program can properly be understood.

II

Agrarian reform as such is not new to China. Throughout the ages rulers of China have more than once felt it necessary to counter the trend to concentration of land-ownership. In our day Sun Yat-sen, founder of the Kuomintang, made land reform the cornerstone of his program of economic reconstruction. He advocated the equalization of land rights and coined the slogan, "Land to those who till it." After Sun's death, the Kuomintang hardly attempted in the 20 years of its rule to translate its founder's policy into action. To be sure, it wrote into its statute books some of the most progressive legislation ever conceived to alleviate peasant misery. But this was never applied. In his "On New Democracy," Mao Tse-tung claims that his agrarian program is no more than an attempt to implement Sun's third principle—the Principle of People's Livelihood. But Sun's principles had long ago been repudiated by the Communists. In the "Program" adopted by the Comintern in September 1928, Sun Yat-senism was described as "a vague state of well-being," an ideology of petty-bourgeois Socialism, in which the concept "people" obscured the concept "class." When Mao said in 1940 that Sun Yat-sen's true principles had been abandoned by the Kuomintang and inherited by the Communists, he was trying to win over to his cause the liberals and the Kuomintang left wingers who, though dissatisfied with Chiang Kai-shek, had been opposed to orthodox Communism. Politically, it was a most astute position to take; but the aims

of the two programs are utterly different. Sun's land policy was truly reformist in principle. It aimed at the redistribution of land and stopped there. Mao begins where Sun ends.

From the establishment of the soviets in Kiangsi more than 20 years ago, the Communist land program has undergone a number of significant changes, shifting from left to right and back again in accordance with the "objective" conditions as estimated by the Communists at a given time. In the Communist lexicon any Party step is a "forward" step, no matter in what direction it heads. "It is not as though," wrote Lenin, "in the difficult ascent of an unexplored and heretofore inaccessible mountain, we were to renounce beforehand the idea that at times we might have to go in zigzags, sometimes retracing our steps, sometimes abandoning the course once selected and trying various others." This precept of the revolutionary leader has been faithfully followed by his Chinese disciples.

The Communists started their land reform with an "ultra-leftist" period (1931-1934) characterized by indiscriminate confiscation and bloodshed. This was followed by an interval of rightist orientation in which the class war was abandoned in favor of an all-out effort against Japanese aggression. At the outbreak of the Sino-Japanese conflict in 1937, which Mao Tse-tung had helped to hasten, the Communists adopted the Nationalist law of rent limitation; land expropriation was practised only in cases of landlords accused of aiding or collaborating with the enemy. As the war went on, however, the relations between the Communists and the Nationalist Government became increasingly estranged, and land reform in the sense of confiscation and redistribution was gradually resumed. By the end of the war, the Communists (having then emerged from the barren *loess* country of the Northwest) were in control of vast territories in North China and along the north banks of the Yangtze River. Land reform followed in the wake of their armies. This was necessary because, in the words of Liu Shao-chi, Vice Chairman of the People's Government and Mao Tse-tung's second in command, "it was imperative to raise the peasant's high revolutionary enthusiasm to participate in and support the people's revolutionary war and strike down Chiang Kai-shek's régime—a régime sponsored by American imperialism." Landlords and rich peasants were massacred by tens of thousands. Nor did the middle peasants fare much better. The poor peasants, after having been made to en-

gage in mob violence, were forcibly pressed into the armies or organized into labor corps. Fields were abandoned, and the Communists soon discovered that their food supplies were threatened. Accordingly, on May 4, 1946, the Central Committee issued a directive ordering its cadres to go slow with land reform. Only holdings belonging to landlords were to be confiscated; the rich peasants were to be left alone. In the following year, however, the policy veered again to the left, and rich peasants were once more marked out for liquidation. Middle peasants were encouraged to offer their surplus land "voluntarily" for redistribution. In June 1950 the Agrarian Reform Law of the People's Republic of China was adopted. This law has the appearance of greater moderation.

More often than not, changes in land policy reflect changes in the fortunes of the Communists. A policy of moderation indicates confidence, while harshness is a sure sign of worry. All through 1947 and the first part of 1948 Communist policy had only one objective—to win power in the state. Land policy was used as an invitation to revolution, taking the form of a ruthless campaign against the landlords, the rich peasants, and even the moderately well-to-do. By 1949 the Communist ascendancy had become so decisive that it could not be reversed. At this juncture Mao Tse-tung counselled moderation. Mao's ideas are embodied in the new law.

But it would be erroneous to suppose that a change in policy is always a change in practice. The area of difference between the two has often been considerable. This is freely acknowledged by Communist leaders, but they put the excesses in execution down to "deviations" on the part of over-zealous groups. "In many places," says Mao Tse-tung, "many laboring people who did not engage in feudal exploitation or did it but slightly, were wrongly placed in the landlord or rich-peasant category. Thus the front of attack was erroneously extended, the extremely important tactical principle that it is both possible and necessary for us in our land reform work to unite with 92 percent of the rural households or 90 percent of the rural population—the entire body of rural toilers—in order to establish a united front, is forgotten."³ This mistaken policy of encroaching upon the interests of the middle peasants, Mao warned, has the effect of "taking a large number of persons from our own ranks and sending them to the enemies' camps. This was a violation of Marxism-Leninism and could have

³ "Address to Cadres of the Shansi-Suiyuan Border Region," 1948.

jeopardized the revolution if it had not been corrected in good time." Mao also preached against "unnecessary and indiscriminate violence." Only the "key counter-revolutionaries and tyrants" who have committed "gross crimes against the people" should receive capital punishment. The reason for the deviation is due to a "departure from the objective situation at a given time and place."

Another form of deviation, according to Mao, is the tendency to encroach upon the interests of industry and commerce in the course of land reform. The cadres and rural masses seem to be incapable of distinguishing between "feudal exploitation" of the landlords, which is to be eradicated, and "capitalist exploitation," which is to be curbed but not eliminated in the "New Democracy." To confiscate land belonging to a factory, for example, is to apply the agrarian policy in a spirit of "petty bourgeois equalitarianism;" that is to say, it stifles industrial production.

"Deviations," however, have by no means ceased, despite Mao's warnings. Has Mao, in fact, any desire to put a stop to them? They are an integral part of the revolutionary process, though so long as it serves Mao's interests to call that program land reform, and to maintain the fiction that he and his Party really are thinking of the interests of the people, he will no doubt continue to disavow them in words. If they are too cruel, that is neither his nor his Party's fault: the lack of experience and the revolutionary zeal of various groups are to blame, as well as the "spontaneous reaction" of the masses. We can be sure that, unless Party interests are adversely affected, such "deviations" will continue to flourish in one form or the other.

III

The agrarian law of 1950 is designed to do away with the feudal system of land ownership and feudal exploitation—the word "feudal" being used, not as a precise term of description, but as an abusive label. The main provisions of the law may be summarized as follows:

1. The land, draft animals, farm implements, and surplus grain of the landlords, and their surplus houses in the countryside, shall be confiscated, but other properties shall not be confiscated.
2. Rural land of temples, monasteries, churches, schools and other institutions shall be requisitioned.
3. Land owned by rich peasants and cultivated by them or by hired labor

shall not be touched. Small portions of land rented out by them shall be protected; but in certain areas, part or all of the land that has been rented out may be requisitioned.

4. All confiscated land is to be taken over by the local peasant associations for distribution in a unified, equitable and rational manner to peasants with little or no land.

5. Landlords shall be given an equal share of land so that they may rely on their labor for a living and reform themselves through labor.

6. After the land redistribution, title deeds will be issued and all land owners may buy, sell, or rent land freely.

7. Land shall not be given to collaborators, traitors, war criminals, and counterrevolutionaries.

The underlying objectives of this law, we are told, are the liquidation of the landlord as a class (though not necessarily as a person), the neutralization of the rich peasant, and the protection of the middle peasant. Poor peasants and farm laborers will, in theory, disappear after land redistribution. In this connection it may be asked: what is a landlord, a rich peasant, or a middle peasant? To the individuals concerned this is not a theoretical question but a matter of life and death.

The question is easier asked than answered. In China the average holding is small. Except perhaps in provinces such as Szechuan, where land is more concentrated than other parts of the country, big landlords are rare. Landlords of the former Eastern European type, for instance, with immense estates and vast incomes, living in romantic luxury, are practically unknown. What, then, is a landlord in China?

To the Chinese Communists the most important yardstick for the measurement of a man's status is the presence or absence of the element of exploitation.⁴ The size of the holding, while important, is not the controlling factor. Thus a man is a landlord when he does not cultivate his land with his own labor, but rents it to others for cultivation. Persons acting as agents or rent-collectors for a landlord, though having no land of their own, are also regarded as landlords. Those who make a living by lending money to peasants at usurious rates of interest are also treated as landlords. A rich peasant is primarily an owner-cultivator, though he may hire farm laborers to work for him or rent out a portion of his land to others. A middle peasant toils on his tiny plot of land, and is distinguished from a poor peasant or a farm laborer by the fact that he is the master of his own labor.

⁴ "How to Determine Class Status." This document, first issued by the Party in 1933, is, with modifications, still in force.

It is obvious that the distinction between a landlord and a rich peasant on the one hand, and between a middle peasant and a poor one on the other, is a question of interpretation—and in practice, in most cases, a matter of splitting hairs. Theoretically, class status is determined by “democratic estimation” at village peasants’ meetings. Each man gives a self-assessment of the class to which he belongs, and after public discussion, the village meeting makes the decision. But the source of real power is not in the peasants’ assemblies but in the Communist groups which control the meetings.

The determination of class status is, in the view of the Communists, in itself an important objective. The Chinese as a rule have been singularly free of class consciousness. A fatalistic people, they resign themselves to what have always appeared to be the ordained requirements of a life of deprivation. They know nothing and care less about Marxism-Leninism. Now it is the business of the Communists to teach them. But before they can be class-conscious they must be given a sense of class status. A class war cannot be waged without combatants. When an individual knows to which class he belongs, he will then know who his enemies are. Woe to him who is called a landlord and therefore a class enemy!

Only a year ago the rich peasant was a class enemy. But the cost of the destruction of rich-peasant economy has been high. The rich peasant has been the backbone of the nation’s agricultural production. To destroy him is to destroy the food supply. China still suffers from the effect of that shortsighted policy. It has now been officially changed, but only after great numbers of rich peasants have already been wiped out.

Liu Shao-chi tells us that the change “is not a temporary measure but a long-term policy, that is to say, as long as the period of New Democracy will last.” But how long will the New Democracy last? There is no answer. Whatever may be its duration, this much is clear: the rich peasant is a marked man. Only his current usefulness keeps him alive. Politically he is a person without civil rights (if there are such rights under a Communist régime). In order to preserve the “purity” of the peasant associations, he is not permitted to join. Economically he is discriminated against; he alone of the farming population has to bear the crushing burden of the progressive land tax. He is a man condemned to death by slow degrees.

The policy of preserving the rich peasant is a temporizing line,

motivated by the need to boost farm production. Millions of bureaucrats (according to Liu Shao-chi there are now 9,000,000, but Bo I-po, the Finance Minister of the Central People's Government, thinks that the number will soon reach 18,000,000), as well as millions of soldiers, must be fed. Moreover, large quantities of grain are needed for export to Eastern Europe in exchange for manufactured goods and materials. The Government claims that it holds additional quantities of grain in reserve to meet such emergencies as famine and seasonal shortages, though this is probably no more than propaganda.

In point of fact, however, the rich peasant is in no mood to produce more than is absolutely necessary. One can hardly blame him. Even the middle peasant and the poor peasant, for whose benefit the land-reform program supposedly exists, tend to be skeptical of Communist intentions. They do not work as hard as they used to do, for it has become dangerous to be too prosperous. As one Communist correspondent, writing to the author from Honan in July 1950, put it: "The peasants look with a suspicious eye at the pieces of land allotted to them, and do not care to use fertilizer to increase production. Some are afraid that they may have too much land and will have to pay exorbitant taxes. There are even those who exult in being poor and have no desire to become well-to-do through productive efforts. The middle peasants only hope to maintain their present level of production, and are fearful of becoming objects of fresh struggles." An editorial in the Peking *People's Daily*, official organ of the Party, says (July 19, 1950): "The life of the peasants in North China [after the completion of land reform] is far from good. In order to make it so the first thing to do is strengthen the peasants' spirit for active production." It is clear that the land reform has not ushered in an era of plenty. Its chief effect upon the peasants is to make them wonder what is to come next.

IV

A closer look at what is actually going on is the best clue to what is to come. When Liu Shao-chi says that "agrarian reform is a systematic and fierce struggle," he is summarizing the nature of the Communist land program accurately. For the so-called reform is a kind of warfare. The essential idea is imported from Russia, and only the particular techniques are being developed in China. The struggle takes many forms. Some of the best known

are the requisitioning of food, the "Speak Bitterness" meetings, the trial and punishment of the so-called "rural despots," and the "disgorging" of rents. The war is designed to break down the resistance of the landlord class, to prevent sabotage, and to rid Chinese society of "feudal" remnants.

Prior to instituting the reform in any area, groups of Party workers are sent to the villages to requisition food. The purpose of this is to forestall the concealment of grain by the peasants during the subsequent procedures. The rate of requisition is supposedly fixed at 13 percent of the total produce, but the amount exacted often exceeds 50 percent and even, in some cases, goes as high as 100 percent. The Party emissaries themselves estimate the amount of the farmer's produce, and as might be expected they have a habit of overestimating the amount of grain produced. If the peasant protests, he is told that he would have produced that amount if he had worked hard enough. If he hasn't got it, that is his fault: he must have been too lazy to make the fullest use of his land.

The Party also stages what are called "Speak Bitterness" meetings. The procedure is to seek out the poorest peasants and the riffraff of the village, and to urge them to tell their tales of woe in public assemblies. The roots of their trouble, they are told, are embedded in the exploitation of the landlords or, prior to 1950, of the rich peasants. They must therefore struggle against their oppressors.

A "rural despot" is a landlord who has committed "heinous" crimes against the people. Every village is supposed to have a few despots, and if they do not exist they have to be invented. A despot is subject to a public trial at which every peasant is encouraged to make accusations. He can be humiliated, beaten and stoned. Other landlords are invited to attend the proceedings because of the "educational" value to them. The audience is required, at appropriate intervals, to shout, "Down with all despotic oppressors! Down with feudalism! Long live Mao Tse-tung and the revolution!" Often the offender is disposed of by clubs, knives and stones. Of late such haphazard violence has been frowned upon, however. People's Courts are being organized to take care of the despots. But the so-called courts are no courts at all, merely a slightly different version of the same thing. There is neither law nor procedure, and the defendant is not allowed to defend himself.

The Communists used to make a distinction between a

“wicked” and a “good” despot, the latter being a man of influence in the village, but one who had not used his influence for the oppression of people. He is what in America is called a civic leader. But, in the Communist view, he is nonetheless a class enemy. Formerly, such a man was humiliated but allowed to live, but since the Communist intervention in Korea, persons belonging to this category have been massacred freely. The motive is mainly political. Unrest in the countryside has mounted, and this has caused serious concern. “Despots” are people of the type around whom discontented peasants might rally. Communists know that no matter how widespread may be the discontent, it can never assume the proportions of open revolt without leadership.

One of the harshest measures that has been devised to break the spirit of the landlords is the so-called disgorging of rents. What is meant is that the landlord is required to pay back all the rents he has collected during the period in which the land has been rented out. This may mean years, decades or generations, for a landlord is responsible for the acts of his forefathers. Of course, this may prove, and often is, an impossibility. The Communists know that it is impossible; but it is a form of struggle, and class struggle knows no bounds. Closely allied to this is the forced payment of tax arrears which the landlord might have owed to Chiang Kai-shek’s régime before the Communist liberation. It seems strange indeed that a revolutionary government should stoop to collect the taxes which had been levied by a despised reactionary predecessor. But it is being done.

All these forms of class war are calculated to tear asunder the history and traditions of the Chinese, and to uproot the people psychologically. The Chinese are not given to extremes. Contrary to popular belief, the tenants seldom hate the landlords but consider that both parties are united in a joint enterprise for mutual benefit. The colossal misunderstanding abroad of the landlord-tenant relationship in China has been the result of Communist propaganda during the last three decades. Any impartial investigation of the situation will disclose that propaganda’s falsity. To say this is not to say that landlord-peasant relations in China were idyllic, and that there was no room for improvement. The Chinese people were not opposed to land reform, in the proper sense of the words, and in some parts of China the reform was long overdue. But the Communist version of land reform is a stratagem for promoting revolution—a struggle, a systematic and

fierce struggle, as Liu Shao-chi says. No one, save the Communist leaders in their search for dictatorial power, is benefited by it.

In recent times it has been fashionable for students of China, influenced by Marxist theory, to attribute all peasant revolutions in Chinese history to the oppressions of the landlord class. They forget the historical fact that in every peasant revolution members of the landlord class have been prominent leaders. The downfall of the Ming Dynasty was largely due to Li Tsu-ch'eng's revolt. Li's social status was, to use the Communist terminology, a rich peasant, and the men who acted as his advisers—Niu Chin-hsing among others—were, if anything of the kind, landlords. Most of the leaders of the Taiping Rebellion were of the landlord class. The Communist movement itself is not a peasant movement. It was started, directed and carried to victory by intellectuals, who are mostly men and women of landlord—or at least rich peasant—origin. And, what is even more significant, revolts had never been directed against the landlords but against the reigning dynasties. They have invariably taken place at the decline of a dynasty, when the Government's hold on the people was weak, the administration corrupt, and the military power at low ebb. There was also, of course, an economic cause for such upheavals—famine, for instance. But we should guard against applying the Marxist principle of class struggle too readily to complicated historical events.

The Communist objective in land reform, then, is to shatter the traditional Chinese society and remold it in accordance with their desires. In the struggle they aim at one thing—the inoculation of hatred among the various social classes of the rural population. It must be remembered, in this connection, that Chinese rural society is fundamentally a kinship society in which the members are closely bound together in a variety of relations. It is extremely unnatural for them to engage in a class war of self-annihilation. When the Communists describe Chinese society as "feudal" they have, of course, this feature in mind. And it is this that they have set out to destroy. To them family ties are but primitive tribal attachments, and the ordinary sentiments of human beings are subjects for ridicule. Children who denounce their parents, wives who betray their husbands, brothers who spy on brothers—these are now the "revolutionary heroes."

According to the Communist timetable, the program of land reform is to be completed in the autumn of 1952. Since the Korean intervention, however, the pace has been accelerated. At this writing most of the provinces in China proper and Manchuria have either completed or are in the process of completing the program. Only in some small areas has the reform been put off.

The worsening of the international situation makes it necessary to hasten the consolidation of the social revolution at home, so that no sector of society will be left vulnerable to outside influence. The land-reform program is now being linked up with the suppression of "reactionary" and "counterrevolutionary" activities, and the liquidation of the landlords as a class has, as a result, now become the liquidation of the landlords as persons.

The program as carried out by the Communists makes sense only when it is regarded as blazing a trail for the Socialism which constitutes the third step in the Stalinist program of revolution for colonial and semi-colonial countries. The Chinese revolution cannot, of course, be permitted to halt short of the final stage of Marxist-Stalinist theory—the collectivization of agriculture. To press on thus is not only an article of faith with the Communists; it is a practical necessity, for they can never feel secure so long as an overwhelmingly large section of the population clings to the idea of private property. The Soviet Union accomplished the program of collectivization in five years. Can China do this?

Probably not, for reasons which are not difficult to perceive. The most important prerequisite of collectivization is industrialization. Collective agriculture is, in fact, mechanized agriculture. Farm machinery in the form of tractors, combines, threshers and the like must be made available in large quantities. The introduction of machinery, moreover, means the elimination of a large part of the manpower now employed on small individual farms, and there must be industries to absorb these surplus workers. When the Bolsheviks set out in 1930 to recast the nation's agriculture into a collective pattern, they sought not only to wipe out some 5,000,000 kulaks who formed the hard core of latent opposition to Communism, but also to shift several million workers from the land into the rapidly expanding industry. China cannot do that for a long time to come. Indeed, it may be doubted whether she can ever collectivize her agriculture as Russia has done.

The problem of industrialization in China is not a simple one. Though China has tremendous possibilities for the development of hydroelectric power, and a huge reserve of coal, her iron reserves are only half those of European Russia, and the ores are generally of a low grade. She is relatively rich in lighter metals—magnesite, bauxite, tungsten and antimony; but oil and shale reserves are negligible. For her size and with her population, China is not a rich country by any standard. Certainly she can compare neither with the United States nor with the Soviet Union in resources.

Moreover, industrial development calls for a prodigious amount of capital. How is this to be accumulated? History shows that external aid in the form of long-term credits or loans is indispensable to a young country that wants to raise its industry to a higher level. The Soviet Union is the only backward country that has embarked on a program of gigantic development of heavy industry without the benefit of foreign assistance. The Soviets did it at the expense of the people, exporting vast quantities of grain in exchange for machinery and other equipment. Meanwhile the people starved.

The Chinese Communists, like their brethren in Russia, are certainly not squeamish about putting the screws on the people, but it is doubtful that, with all the ill-will in the world, a Chinese dictatorship can squeeze the needed capital out of its victims. China has no great natural granary as Russia has in the Ukraine. And the pressure of population on resources is far greater than in Russia. But if Mao Tse-tung and his Government must have external aid to carry out a plan of industrialization, to what country can they turn? The Soviet Union can hardly supply the capital without putting unbearable strains on its own forced-draft economy. Peking's one-sided foreign policy precludes the possibility of obtaining assistance from the West. It is reasonable to conclude that the prospects for rapid industrialization of Communist China are not very bright. With that hope, the hope for the collectivization of agriculture fades also.

This does not mean that the Communists will abandon their goal. The land is not to be reformed, it is to be collectivized. The very size of the obstacles means that the pace will be speeded, and harsher and still harsher measures will be employed. The future holds more struggles, more suffering and more bloodshed for the Chinese people.

KEYNES IN RETROSPECT

By Herbert Feis

"Economists must leave to Adam Smith the glory of the Quarto, must pluck the day, fling pamphlets into the wind, write always *sub specie temporis*, and achieve immortality by accident, if at all.

—John Maynard Keynes, in his essay on Alfred Marshall

AT THE whisper of an economic issue Keynes leaps among us with brightening opinion and advice. He will continue to do so. That is immortality.

The publication of Roy Harrod's "Life"¹ stirs the impulse to inspect his title to remembrance. That is not easy. For his mind and spirit both were always on the move. Those who travel with them will appreciate, even if they do not approve, the wry comment of Sir Eyre Crowe: ". . . he, Keynes, only sees for the time being, the point he sets himself to prove, and regardless of the fact he has proved something very different yesterday, and is very likely to prove something different still tomorrow. . . . He can bring a converging series of arguments to bear upon a single point so that he succeeds in making everything else seem to have a minor interest to other persons, and it is doubtful if it even has a subordinate interest for Keynes himself. His opinions are in a perpetual state of progress, and therefore of apparent flux. . . ."

In this flux there were many themes. Of these I shall pursue but three: his assault upon the Peace Treaty with Germany (1919); his examination of international monetary matters; and his inquiries into our economic system.

II

"The Economic Consequences of the Peace" appeared in the late autumn of 1919. It cried woe. The book transported its readers to Bedlam (a spot of which Keynes was often reminded when visiting the realm of statesmanship).

His censure touched all features of the Treaty. But it centered on economic terms, particularly the reparation demands imposed on Germany. These, he argued in an analytical brief that impressed the world, were hugely beyond Germany's capacity to pay. The refusal of the Allies to fix a terminal time for the obligation would, moreover, kill any impulse to try to pay. Such a

¹ "The Life of John Maynard Keynes," by R. F. Harrod. New York: Harcourt, Brace, 1951.

reparation policy, Keynes predicted, would condemn Germany to misery, reduce her to servitude, and must fail. It would work havoc everywhere, destroy forever the interests which sustained and held Western Europe together, and rob the newly created states of a chance to live. As summarized in a letter to Austen Chamberlain in May: "The Prime Minister is leading us all into a morass of destruction. The settlement which he is proposing for Europe disrupts it economically and must depopulate it by millions of persons. The New States we are setting up cannot survive in such surroundings. Nor can the peace be kept or the League of Nations live."

These verdicts more deeply shocked because of his interpretation of the making of the Treaty. A most sensitive and disturbed artist had been in the conference room along with the Treasury expert; and around the grim statistics he wrote a tale of scorn and horror. Such excusing historic reasons as there were for the Treaty were, in his telling, subdued. The tensions and hatred that had forced the creation of new states and inspired the wish that Germany be made to pay appeared in a wanton light. Passion, fear, hurt, the wish for independence—none of these is granted right to satisfaction. Ruin was being prepared because nations were acting like rabble and ignoring the compulsive facts of economics. And this was so because the leaders of the victorious allied countries—Lloyd George, Clemenceau and Woodrow Wilson—were, each in his own way, so failing in purpose or character. The decisions are dramas of personal traits and responsibility. One might think almost that the Treaty was distilled out of Lloyd George's waywardness, Wilson's stubbornness and Clemenceau's grey gloves.

Of the three, it was Wilson's standing among men that suffered most, and the cause for which Wilson fought. Keynes struck him hardest—from his own disappointment and hurt, probably. For he had hoped for little wise or fair of the other two, but of Wilson he had. In his eyes the American President forsook the good which he had avowed. He who had once spoken of a "peace without victory" had consented to a harsh victor's peace; and then, self-deceiving, denied the fact. Thus Keynes found him wholly wanting: a rigid, nebulous, ill-informed fraud. Also irritating to Keynes was the "Wilsonian dogma which exalts and dignifies the divisions of race and nationality above the bonds of trade and culture."

Around the mistakes and injustice his denunciation whirled. Keynes' analysis soon proved itself. It became quickly evident that the reparations were, as he had argued, destructive and unenforceable. But the economic consequences were not as calamitous or lasting as those Keynes foresaw. For after the troubles and defaults of the kind that he predicted, the burden was reduced and payment made easier. Keynes' assault hastened the failure and prepared opinion for the needed revisions. In that way he himself revoked the sentence of doom which he had pronounced. By 1929 Germany had recovered. Her production, exports and imports were as great as before the war. Unemployment was less than half of that in Britain. Had the great depression not begun, reparations would soon have become a secondary feature of international economic life. Those who thought Keynes' excitement extreme may thus maintain that they were right. But they were not, because the erosion by which the settlement was dissolved did great harm. It left a miasmic pond of misery which awaited Hitler's image.

The mark left by Keynes' polemic spread far beyond the particulars of the reparations settlement. It sharpened perception over a wide area of experience; and it refreshed lessons that had been forgotten or ignored. First, that the victors in war are not usually able to make the losers pay for or repair their losses; and that sustained attempts to make them do so will increase rather than lessen the damage. Only slavery and sack—as practised by the Romans and Russians—can qualify this conclusion greatly. Second, that statesmen must give heed to economic consequences when settling frontiers, transfers of territory, issues of statehood. Third, that regard for the economic fortunes of other countries is not merely an act of kindness, but an essential condition of good relations, and perhaps of peace. Fourth, that peacemaking is not apt to be a consistent exercise in the application of some general principle, or moral idea. It is apt rather to be a savage struggle, swayed by prejudice among conflicting desires for advantage, safety and power, until and unless we have a strong international system of order permeated by morality.

As against these points of instruction—commonplaces now—a heavy bill of consequences lies against Keynes. Proof of this opinion cannot be given here. Such as there may be is diffused through the millions of pages and in one's memories and those of friends. Many came to think, under the influence of his words,

that the war of 1914-18 was a struggle without meaning; that the Allies were as responsible for it as Germany; that the whole Treaty imposed upon Germany was cruelly unjust; that Germany would be well justified in destroying it as soon as she could; that the small new states had no future. Nor in his view did Europe have much future. Did not he write that we were hearing "the fearful convulsions of a dying civilization?"

These versions of events and prospects, toward which he persuaded many, had, as I have said, consequences. Of these, two surged with enough force against the structure of peace built at Versailles to be reckoned among the causes of its crumbling. Germans (and many others) could, on this authority, trace the source of the misery that beset them to the Treaty, not only in the early twenties, but in the depression years. It became easier to forget that the war itself did more permanent damage to Germany's economic condition than the Treaty, and to suppress the fact that Bruening's policy of drastic deflation in the midst of world-wide depression contributed much to the mass unemployment of the early thirties. Keynes, so far as I know, made no effort to prevent such deductions from his work. Hitler's screams about the *Diktat* of Versailles could travel down an authorized road.

Those Americans who wanted to keep clear of Europe and its conflicts were also given sanction for their views. Wilson had been a solemn innocent abroad; France and Britain—sterile and grasping—had made it almost inevitable that war in Europe would soon come again; we could not clear up this mess; the League of Nations was a trap. Toward judgments of this sort many Americans were drawn on reading Keynes. Harrod points out that the American Senate had rejected the Treaty, as presented, before the "Economic Consequences" appeared in print. Therefore, he concludes, "Keynes can be entirely exempted from any shadow of responsibility for the great American decision, which was to have such vast effect on the working of the European settlement." That is so. But that was not the last of the issues of our relationship with Europe and the League. Keynes made it seem futile, if not fatal, to engage American fortune with theirs.

Judgments and phrases such as his are remembered long after they are read. Taunts survive long after their objects are dead. This was no masque, no ballet that ended of an evening. The wind in which he tossed his pamphlet had course and currents

with which he, in his despair, did not wisely reckon. His theme was sound. His revolt against the Treaty justified. But now, looking back, it seems that his reasoning proved too much, his scorn was too corrosive, and his compassion was badly shared as between Germany and the countries that had to live next her. His gift for exposing error was greater than his power to guide the world toward balanced harmony. In judging treaties, tolerance is to be prized more than wit; for most of them are but mauled children of forced consent.

III

Keynes' attention gradually turned away from the turmoil of adjusting economic realities and political actions in the countries of Europe. For a while he followed these subjects as observer and reporter. But his comment became less declamatory, more hopeful. His soaring, sterilizing mind reverted to matters on which it had been engaged before.

His effort was purposeful. The world possessed the means and knowledge to live decently and securely; why did it not manage to do so? It had need of the labor of all, but many were idle, decayingly idle. It endured poverty while in sight of plenty, anxious misery next to great riches. What interests, attitudes or forms were responsible? Or what faults of understanding, or errors of policy? He went in search of the explanation; and, when he thought he had located the trouble, in search of the remedies. His answers qualify him for place among the greatest physicians of our public affairs.

His concern struck first against the prevailing international monetary system. Conditions spurred his pen. There was then—in the twenties—persistent unemployment in Britain and stiffness in the joints of her economy. No longer could it with ease make the adjustments required of a faithful adherent to the international gold standard, with a fixed gold value for sterling. It was essential, his traveling mind concluded, that Britain (and other countries) withdraw from these bonds, in order to do what must be done to invigorate economic life.

His scrutiny of the gold standard system broke its authority. A despot king gold had been. Keynes, at the start, thought it could be tolerated as a constitutional monarch. But at the end it was deposed: the currency rulers regarded it merely as their treasure, to be managed like any other asset.

The charges he pressed against the gold standard were several. Each was a shock to most of the world of finance. He showed the irrationality of allowing the trend of money incomes and prices throughout the world to be influenced by changes in the total supply of gold, and the still greater irrationality of allowing the rate of economic activity in any individual country to vary with the quantity of that metal in its possession. And most irrational of all was the toleration of unemployment and misery because the supply of gold in any country ran short, or the toleration of unhealthy expansion because the supply grew greatly. None of this, he urged, was a necessary feature of a sound and serviceable currency system, either national or international. All of it was wasteful and socially unjust.

Events were moving with his opinions, but not as rapidly. He anticipated rather than recorded fact when in 1923 he wrote that passage which teased his antagonists: "In truth, the gold standard is already a barbarous relic. . . . A regulated non-metallic standard has slipped in unnoticed. It exists. While economists dozed, the academic dream of a hundred years, doffing its cap and gown, clad in paper, has crept into the world by means of the bad fairies, always so much more potent than the good—the wicked Ministers of Finance."

Keynes recognized, except when the imp of controversy tickled his hand, that there was need for some form of order and restraint in the monetary relations among nations. He was aware that unless there were some kind of commonly endorsed international rules all countries might be the worse off. There was a danger, he appreciated, that the freedom gained by discarding the gold standard might turn into a riot of loose national financing, debased currencies, unhealthy surges of capital across frontiers, and unsettling trade reversals—as the supporters of the gold standard said it must. And there was danger too that this abuse of freedom might in the end bring clamping controls upon all trade and enterprise. In answer he urged regulatory management. "We should," it was his reiterated plea, "rid ourselves of deep distrust of regulation of the standard of value by deliberate decision."

But how? By what means and principles? On these questions he wavered. Anyone who now rereads the proposals he made during 20 years will find them a lexicon of many variations. His views were supple—and subject to abrupt change—particularly as regards the question whether management should be national or

international. Should each country do its own managing, or was there need for a system conducted internationally? His views on this revolved with his judgment as to which of the two methods was, at the moment, more likely to stimulate economic expansion.

Thus in 1923 he opposed the idea of joint management with the United States, since it would make Britain too dependent on the policy of the Federal Reserve Board. He was sure that Britain at that time needed a policy that would increase money values as an alternative to poverty and collapse; the United States was not then subject to the same necessity. Hence his conclusion: "I see grave objections to reinstating gold in the pious hope that international coöperation would keep it in order." This also dictated the judgment he passed upon Britain's decision in 1925 to return to gold at the old parity; "a triumph of unreasoning prejudice," he called it. In short, international management could be beneficial only if there were assurances that it would not, in effect, restrict in the way that gold does. This is the consistency, I think, behind his inconsistency. It was the conditioning factor in his quest.

But by 1930 all countries were in the same plight. Here was the time to strike, he thought, and strike he did (in a "Treatise on Money"). At the end of that most stimulating and comprehensive analysis of monetary matters, he proposed the creation of an International Monetary Authority to manage the value of gold. It was to be the center of a cluster of national systems which would try to regulate the price level. This meant an active, co-ordinated effort to raise the level of prices, and to stimulate investment till all had work. Each government was to make borrowing easy and cheap, and each, if necessary, was to subsidize or direct domestic schemes of capital investment.

No government was ready for a program such as this. Each country, as the slump grew worse, thought and fought for itself alone. Keynes swung with the tide: if such individual effort, then, was the only way managed expansion could be attained, he was ready to acclaim that method. Thus when Britain left the gold standard in 1931 he wrote: "There are few Englishmen who do not rejoice at the breaking of our gold fetters." And when Roosevelt in 1933 rejected the flexible stabilization accord prepared in London, he hailed the decision as "magnificently right." Others will disagree with this opinion, as I do, even though they share Keynes' belief that it was essential at that time that money values

should keep on the rise. But the difference of judgment about this decision cannot be argued here.

Ten years later (1943) his thought came to logical fullness. In a plan for an International Clearing Union his mind flung itself into most brilliant exposition of a plan of universal expansion. This time his ideas were approved by the British Government. His design was to harmonize monetary intentions by underwriting a simultaneous effort by all countries to engage in fullest economic activity.

Each country was to allow all others to draw upon it for such amounts of its currency—up to a high limit—as they might need. This would enable each and all, he reckoned, to expand investment, production and employment without quick or close regard for its balance of payments. Debits and credits between members of the Union were to be adjusted in good time by the responsible effort of each and all. Relative values of currencies were to be left fluid, but subject to international scrutiny.

The proposal smashed against two main objections. Keynes proposed that as much as 25 or 30 billions (dollar equivalent) should be available as needed. All knew it would be dollars that would be most wanted. Such a sum was then deemed by the American Government outside of reason. There was another objection, also tough. Would not this scheme—providing credit for the asking, almost—be misused and abused? Would it not support the lazy, the corrupt and selfish among nations at the expense of the industrious and honest? That it would have seems beyond dispute.

The Bretton Woods Agreements were the compromise. These acknowledged lesser purposes and provided strictly limited funds. Keynes seemed to reconcile himself to the stingy substitute. Some reasons why he did may be surmised. These agreements made some extra dollars available to Britain and others in a time of great need. They subordinated gold, though to the superficial observer they did not seem to do so. They contemplated easy adjustment of exchange rates. They admitted, in the scarce-currencies provision, that creditors had joint responsibilities with debtors for disequilibrium in the international accounts. And they endorsed the reasonableness of the goal of full employment. Keynes' conceptions had been recognized, though the means of satisfying them had not, then and there, been provided.

These features were enough to turn Keynes, for the first time

(and only for a short time), into an almost uncritical friend of the American financial authorities. But his satisfaction was brief. At the inaugural meeting of the International Fund at Savannah, it became clear that the sponsors had not, at Bretton Woods, really agreed as to how it should operate. Keynes ran squarely into the question of *who* would do the managing. The American Government, speaking through Mr. Vinson, made it plain that it intended to assert its power as provider. American wishes would be most influential if not dominant. Further, the task was not to be left to sheltered experts and officials. It might be taken over by untutored politicians. To make the issue still graver, Keynes perceived that the Americans thought that the Fund should exert severe censorship over the monetary policies of its members. This was contrary to his previous understanding and wish. Keynes recoiled, and on his return trip to Washington, his heart failed.

But his work in this field was transforming. He had scented events and emerging pressures clearly, and his arguments had changed prevailing thought and practice. Stability at a high level of activity was raised to first place among the aims of national and international monetary policy. Free convertibility of currencies remained a desirable objective but was no longer regarded as essential. The obligation to maintain fixed gold values of currencies took a subordinate place in prevailing economic thought. The idea of deliberate management of international monetary relations displaced the belief that economic tides should be allowed to run their course. Whether governments know enough to manage well, whether they will act decently enough, time will tell. Keynes did more than any man of his time to instruct us as to how they may act wisely.

IV

In his studies of monetary policy, Keynes was seeking freedom to use monetary measures to correct economic deformities. But unless the causes of the trouble were more certainly identified, and more thoroughly known, even the best prescription could be only an inspired guess.

Classical economic theory, as taught at Cambridge, proffered explanations. But these Keynes found unsatisfactory. They seemed to him in some respects in conflict with experience, in others indifferent to it. The logic of these theories, he concluded,

needed rearrangement, its equilibriums needed reëxamination, and its application needed correction. His writings on these matters were more crucial than all else he did. For here he was dissecting the heart of the system of free private enterprise. At the end of his work he had created a system of economic analysis which much improved our understanding. But it is doubtful whether he managed fully to solve (or dissolve) the main problem which he exposed.

The older doctrine concluded that, under the conditions assumed, the system of private enterprise could and would take care of itself well, and tended toward equilibrium with employment for all. If all participants in production bowed to the decisions of the market (thus allowing flexible money wage rates, prices and interest rates) there could be no persisting flaw: payments for production would provide the purchasing power needed to buy the product and keep all productive elements well employed. After examining the propensities and institutions which governed the flow and use of purchasing power, Keynes reached quite contrary conclusions. First, that our economy might arrive at, or come to rest in, many other situations besides full employment; "equilibrium" (for he clung to that abstraction) could be reached in any situation. Second, that marked fluctuations were probable, and the period of slump not necessarily transient. The reasoning which led to these conclusions was conducted with cold, technical logic. But he spelled out their meaning boldly; posted it in plain and large letters for the world to read as it ran—downhill.

As a portrayal of the characteristics of our economy, his analysis has won acceptance. Not as the whole and invariable truth; but as a more discerning and profound report on the pattern and behavior of the forces at work than any other. Our economic system may fail badly and stubbornly to yield full measure for our resources and effort. It does so at times; and much of the time it comes close to doing so. It must—and this was Keynes' plea—be made to do so all of the time.

Many, myself among them, who accept the main course of his reasoning, find his exposition murky or inconclusive in two important ways. First: the analysis of the cause of the failure of purchasing power does not seem complete. Second: he seems to have no answer to the question of proportionality over the long run between accumulated investment and the size of national in-

come. This—if it be so—means that his prescriptions may bring only transient cures, need larger and larger doses, and in the end necessitate complete control of the patient.

Vast as it is, the interpretative literature on his theories does not seem to clear up these perplexing points. That should not cause surprise. For Keynes shared the revolving course of his cogitations too soon with his readers. He changed his formulations in successive works, correcting himself without remorse and with only curt apology.

Loosely it may be said that in all versions of his work he located the main cause of malfunctioning of the system to failure of “effective demand.” This he traced to faulty use of income—as between spent income, saved income and invested income. But on what a turntable of logic and definition his analysis went round! In 1929 he wrote with blunt finality, “When investment runs ahead of saving, we have a boom, intense employment, and a tendency to inflation. When investment lags behind we have a slump and abnormal unemployment.” His concepts seemed ordinary, his definitions usual, his meaning simple. In his next work, “Treatise on Money” (1930), he seemed to leave his basic dictum unaltered: “. . . disequilibrium between savings and investment is the mainspring of change.” But in this book different and novel meanings were assigned to the terms “savings” and “investment.” They were used by Keynes from then on not as names of familiar acts, but as symbols for deduced abstractions. He came to regard them as determinates within the economic system, not determinants.

This was a novel form of statement rather than a revolutionary conclusion. But it seemed to be so. For by his rearranged treatment of economic behavior he lifted attention away from the acts of saving and investment in their evident and familiar sense; he fixed attention instead upon the propensities which, over a period of time, determined how much saving and how much investment *were actually realized*. By this turn of exposition he brought into startling prominence certain ideas previously left in the background. For example, that the amount a country could save was not governed by the part of its income its people tried to put aside, but by the flow of effective demand, as sustained by investment.

These ideas remained in his next and greatest book, “The General Theory of Employment, Interest and Money.” But as a re-

sult of the further changes in the cage of definition within which his reasoning was conducted, Keynes now insisted that savings and investment must come out equal and even. It is no wonder that ever since his thought has had to make its way through confusion. To the searcher for his meaning a quotation used in the "Treatise" may well recur: "The wild duck has dived down to the bottom—as deep as she can get—and bitten fast hold of the weed and tangle and all the rubbish that is down there, and it would need an extraordinary clever dog to dive and fish her up again."

Keynes stated the practical inferences of his analysis in propellant phrases, to the following effect:

1. Unless necessary measures are taken, the capitalist system may destroy itself.
2. Since consumption lags behind income, employment cannot increase unless new investment increases; hence there can be prolonged unemployment. And ". . . moreover the richer the community, the wider will tend to be the gap between actual and potential production; and therefore the more obvious and outrageous the defects of the economic system. For its propensity to consume will be weaker and the opportunities for investment less—unless the interest rate falls enough." Here is the frightening ghost of "stagnation" which during the thirties roamed through American economic texts.
3. A too vigorous attempt on the part of too many to save was apt to have bad results, and be self-defeating.
4. A redistribution of income will favor economic progress.
5. Governments must see to it that "effective demand" is sufficient to keep the productive system fully employed. To this end interest rates should usually be kept low. But since this and related measures might not serve, a comprehensive socialization of investment might prove to be the only means of securing an approximation to full employment.

v

What can be said of these in the light of past wisdom and recent experience? Five brief and inadequate comments may be ventured. One: this counsel is surely in the right direction and its prospect of progress is invigorating. Two: any general theory of economic behavior is of necessity abstract. Even though the type of economic system is the same in, say, two countries, the opera-

tive tendencies will be in degree different in each. Hence even though the same general prescription may be sound for all, the proper dose for each, and the proper mode of administering it, will be different for each. Keynes' prescription fitted Britain best. Three: its bent against deliberate saving—that is to say, thrift—is excessive. Such severe disparagement could be justified only on the supposition that much or most saving is hoarded. Four: the thesis may not give due place to the stimulus of invention. Five: the intense emphasis on investment as a cure may easily be taken for a cure-all. That certainly it can never be.

Unless social relations within a community are good, and there is enough flexibility (of all kinds) within the economic system, investment, no matter how well subsidized or sustained, will not bring stable and full activity. Inflation will be cumulative, and the effort will end either in collapse or thorough control or both.

Keynesian ideas have had great subsurface effect in the international field—first of shock, then of reassurance. For they were infused with certainty that if the Western capitalist or semi-Socialist democracies are alert and flexible, they can perform well and can assure a better and more secure economic life than ever before. Keynes tells us that if necessary measures are taken, their best time lies before them, not behind.

This was the emerging answer to the Marxian prophecies of inanition and collapse. Keynes summarily rejected the Marxian exposition of our economic system. Marx argued that the extension of the private capitalist system, by which it accumulates and uses more and more capital, condemns it to collapse. Keynes, in contrast, conceived capital accumulation (investment) as the means by which the whole society can improve its condition without end—provided (and the provisos were all-important) it took the proper means and measures. Thus he carefully distinguished his analysis from the theories of “over-saving” or “under-consumption.” These, he pointed out, argue that the distribution of wealth leads to over-investment—“an entirely different terrain than my theory; inasmuch as on my theory it is a large volume of saving which does *not* lead to a corresponding large volume of investment (not one which *does*) which is at the root of the trouble.” Again, and later, he emphasized the focal point of difference; that the troubling factor in our economy is not excessive saving, causing excessive accumulation of capital, but the propensity to save more income than is attracted into investment. In the Marxian

analysis the course of capital growth itself creates an impasse; in the Keynesian, capital growth can bring mounting advantage.

Keynes' ideas stimulated a revision of international economic attitudes and expectations. The poorer, capital-lacking countries took them up eagerly. They were soon translated into requests for foreign aid, and into proposals for the international maintenance of investment. Capital has been made not only the key to prosperity, but also a test of international friendship. Formerly power to repay (to transfer) seemed an accepted limit to the advisable flow of capital across frontiers. Now the prevalent attitude justifies the investment in face of obscure transfer prospects, on the theory that the resultant full use of resources will provide the solution. It is ironic that Keynes, whose first great work centered on the difficulties of transfer payments across frontiers, in the end sowed the belief in the expansibility of transfer capacity.

It is to the United States above all that other nations look for the realization of the promise of a better economic life that Keynes' work holds out. The responsibility is a proper consequence of American economic strength. It will be, as we are learning, neither cheap nor easy. But it may be greatly rewarding.

To his last days the remark Keynes made in 1926 to the Manchester Reform Club remained true: "The Republic of my imagination lies on the extreme left of celestial space." The world has been fascinated by his flight over the vast regions between here and there. Since he is gone, we must do for ourselves the job of correcting, as we coldly test, those trails which his genius found.

CRISIS OF CONFIDENCE IN IRAN

By Edward Ashley Bayne

LAST year, Iran produced 31,000,000 tons of petroleum. The fact sums up the urgency of Iran's current problems. The ancient Persian kingdom is not yet a satellite of its Russian neighbor, but it is far from being a fully sympathetic member of the Western system. It suffers, and may suffer far more grievously yet, from emotional xenophobia, national frustration and compensatory fear and resentment, and traditional Persian "split-the-opposition" diplomacy. Operating there, too, are new and ill-digested elements of Comintern activity and, of course, modern technology. The rationale of neutralism arising from this complex of factors has become, at least temporarily, the first principle of Iran's national existence. The practice of it endangers the oil economy of the Western world and foreshadows a chain of events which might result in the disappearance of Iran itself into the Soviet orbit.

In a world of global tension and war, where the United States and its allies—willing or hesitant—are directing every resource into essential programs of economic expansion and military preparedness, Iran has become a sore that does not respond to the traditional healing measures of diplomacy or commercial negotiation. It will, apparently, require unusual political medicine. We are being perilously slow in writing the prescription.

A glance at the map of Asia will show why Iran would be a prize for the Soviet Union. It is the gateway to military conquest of the Middle East, flanking Turkey. It is far from the sources of Western military strength, and, once taken, could be exploited in relative security by the Russians. Iran offers warm-water port facilities for the growing industrial empire of Asiatic Russia, and even under primitive methods of agriculture has been an exporter of foodstuffs and fibers. Were its water resources developed, it could help considerably to meet the food deficits that plague India. The Iranian oil resources on the northern plateau might provide the margin of economic strength that Russia would need to hope to win a world war, even though these resources are undeveloped and would require a prodigious investment by the Soviets. Such factors must carry great weight in the Kremlin's calculations.

Strategically, Iran is no less important to the West, offering a base for military action from which Soviet industry in Central Asia might be neutralized and from which Russia's own vital oil fields in the Caucasus could be destroyed. So long as Iran is at least neutral, the existing *cordon sanitaire* of the Middle East remains unbroken. Most important of all to the West are Iran's oil products. Thirty-one million tons of oil are about 6 percent of the world's output. Iran supplies about 20 percent of Western Europe's requirements, and more than 50 percent of the needs of Asia. An important amount of aviation fuel used by the United Nations air forces in Korea has been coming from the Abadan refinery, the second largest in the world. Here, at the head of the Persian Gulf, is the key to the significance of Persian oil.

From the muddy head of the Gulf, through the Red Sea, the Suez Canal and the Mediterranean to Europe is a long and costly trip. In the early days of the exploitation of Iran's oil by the Anglo-Iranian Oil Company it was prudent to calculate that the refining of oil products at the source would be cheaper than carrying the crude to European refineries. And Asia, the Middle East and Iran itself constituted a market that was potentially enormous. Accordingly, a vast refining plant was erected, and greatly extended in the last ten years as a result of the terrific expansion of the world's oil requirements. Now, on a hot, sandy island bristling with giant retorts and a nightmare of pipes and chimneys, 24,000,000 tons of crude are turned into a whole range of essential oil products. The world could perhaps replace the loss of the total Iranian production of crude oil in a short time, but it could not replace this refining capacity quickly, particularly in Asia.

Moreover, the effect upon Iran's neighbors of a worsening of the situation there might endanger the entire structure of the oil economy of the Middle East. The religious ties of the Moslem countries are not necessarily binding, but the virus of nationalism and the longing for a recrudescence of the power of Islam are endemic. Even Turkey, at one with the West in opposition to Russian expansionism, might be greatly influenced by any clear-cut alignment of the Islamic nations on the issue of oil exploitation.

II

In a succession of measures in March, April and May of this year, the Iranian Parliament voted to expropriate the oil industry, to oust the British company (of which the British Admiralty

is majority-owner), and to take over and manage both oil fields and refinery as a government enterprise. During the same period, terrorist elements assassinated Prime Minister Ali Razmara, who had been opposing the nationalization program, and forced the resignation of his successor, Hussein Ala, an able statesman who is friendly to the West, for hinting at a moderate policy. At the end of the tempestuous period, the Parliament had rejected all other candidates for the premiership and by acclaim named an aged demagogue, Dr. Mohammed Mossadegh, the champion of oil nationalization, as the reluctant Shah's First Minister. It was a victory for nationalism, for the politico-religious Shi'ite mullahs who had aligned themselves with the so-called National Front Party; and it was a victory for the Iranian Communists of the growing Tudeh Party. The defeat for Great Britain, and for the United States (which is inescapably linked in the Iranian mind with British influence), was correspondingly great. Russia's victory was not direct, though if the consequences of the affair are not quickly neutralized, Iranian political and economic conditions may deteriorate to such a degree that capitulation to Tudeh leadership becomes inevitable. In that event, Iran will go the way of China.

The nationalization of the oil industry did not come about suddenly. The antagonism to Britain in Iran is of long standing. The political ruthlessness of Victorian expansionism in "backward" areas of the world has left Britain with an unhappy legacy of distrust. Even though in the first years following World War II Britain released India as gracefully as possible, launched Burma in modern independence, admitted political reforms throughout the Empire, and ceased to administer her consulates in Iran from the India Office, economic circumstances forced her to follow a commercial policy that has closely resembled colonialism. Britain's markets overseas are essential to her industrial life. Marshall Plan aid solved only the dollar shortage. The recapture, by commercial means, of markets that had once been protected by political astuteness became essential for her. If Britain was to pay more sterling for Iran's oil, because more oil was needed, the increased amount of sterling must be spent in Britain and not converted into gold or dollars. Accordingly, the British effort (not only in Iran) to sell British goods has been forthright, and has been in many ways a cardinal aspect of foreign policy.

Before the Anglo-Iranian Oil Company opened negotiations

with the Iranians for an increased rate of royalty and other concessions the burden of Britain's balance of international payments already was plainly staggering. It was obvious, however, that the disparity of payment per ton of oil in South American countries and in the Middle East would have to be rectified. Venezuela, for example, was receiving nearly twice as much as Iran or Iraq received, and nearly three times as much as Kuwait was receiving. The Iranians agreed to negotiate with the Company, and over a period of six months the negotiations produced an involved document of about 5,000 words, carefully and minutely cross-referenced to the previous 1933 concessionary agreement. It established two basic points. First, the rate of royalty was to be increased by about 50 percent, according to a complicated formula involving profits and tax distribution as well as straight royalty payments. Second, it reestablished the Company's title to the concession. (The agreement, although initialled by the Government's Minister of Finance, had under the Iranian Constitution to be ratified by the Parliament (*Majlis*), and the Company desired, prudently enough, to have its concession reaffirmed.)

Although from a financial point of view the agreement was a considerable improvement for Iran, it was received by the Iranians virtually in silence. Few officials read the difficult document which was presented publicly by the Government in July 1949. Many Iranians had heard of the 50-50 formula that had been put into effect in Venezuela, and thought the same principle would be fitting and not unreasonable in Iran's case. That formula, in essence, established a corporation which governed all the operations within the concessionary boundaries in the country, and both losses and profits were shared equally by the exploiting foreign interest and host country. Actually, during the early stage of negotiations between Anglo-Iranian and Iran, the Company suggested consideration of such a formula, but the Iranians felt at the time that stock ownership (even without voting rights) in a world-wide organization was a better financial arrangement. In the Supplementary Agreement, as the document was named, the Company consented to a distribution of 30 percent of profits after British taxes, and did not press for the new formula.

By the autumn of 1949, it was increasingly clear that literate public opinion in Iran thought that the agreement as it stood was inadequate. Most foreign observers tended to share this opinion,

officials of the American Embassy included. It was felt, however, that given certain additional Company concessions of a non-financial character the complicated agreement could be made palatable. The Company stood fast and volunteered no changes. However, it maintained as cordial relationships as possible with the succeeding Cabinets, advancing royalties to financially beleaguered governments and continuing its postwar programs of better housing and welfare services for its employees. A more realistic estimate of the situation would have indicated that the Supplementary Agreement was dead. The elections of 1949 had installed in the *Majlis* a small group of determined men who called themselves the National Front Party. These men were openly pledged to nationalism as an absolute principle, and they boldly attempted to undermine every government that came to power. From then on, virtually all progressive legislation became impossible.

The National Front and its fantastically emotional leader aligned themselves with ambitious mullahs whose word spread through the mosques and gave nationalism a religious sanction. This was a combination difficult to subdue. The young and earnest Shah, Mohammed Reza Pahlavi, who had been wounded in February 1949 by an assassin's bullet traceable to the terrorist arm of the church, named Ali Mansur as Prime Minister, in March 1950. This wily man agreed to try to obtain the approval of the *Majlis* for the oil agreement, but early recognized the impossibility of the task. On his own initiative, he informally discussed with Company representatives renegotiation of the agreement, and suggested consideration of the 50-50 formula. The Company stood firm, on the legal ground that until the *Majlis* had rejected the Supplementary Agreement no changes could be made. Mansur resigned after three months of unsuccessful administration.

The Shah next named the popular Chief of Staff of the Iranian Army, Ali Razmara, as Prime Minister. Against Razmara's better judgment, the Company and the British Embassy persuaded him to present the agreement to the *Majlis*. At about this time the Arabian-American Oil Company (Aramco) let it be known that Saudi Arabia was accepting a 50-50 formula which would result in considerably more revenue to King Ibn Saud's Government than was envisaged in the Iranian agreement. Even so, Razmara pressed for passage, and his Minister of Finance was

promptly forced to resign after the presentation to the Lower House. The National Front had done its work well. Razmara, hoping to avoid precipitate nationalization, withdrew the agreement. Now the British Government was convinced of the need for action, and the Company, with the British Ambassador, approached the harassed Premier and offered the 50-50 formula. It was too late. Before Razmara could discuss the offer with the *Majlis*, he was shot. The following day, in an atmosphere charged with dangerous emotion, the *Majlis* passed a resolution that was to result in the situation we find currently. The breaking of the contract made the headlines of the world.

III

This too-brief record of the controversy is not intended to justify the conclusion that the Iranian Government, the British Government or the Company is singly at fault. Persian public opinion is the opinion of a few hundred thousand people, from whom are drawn the civil servants, the merchants, the professorial people, the clergy, and, at the economic peak of the social structure, the landowners. The social pattern is feudal. There are perhaps 16,000,000 peasants who support this literate top layer. They live in clusters of windowless mud huts, as they have lived for centuries. Their daily diet is a pound of wheat bread, a few onions, tea and sugar. The means of economic production of most of them are hands and back, a few primitive tools, and if they are lucky, an animal. Their promise of life is God's pleasure; but the landlord takes 60 to 80 percent of what the peasant grows. There are several million peasants too unfortunate even to have a landlord. Perhaps a quarter of Iran's population live in tribal groups, whose chiefs are important figures in the frenetic politics of Teheran. A million at the most are workers in the oil industry, the textile centers of Isfahan and the Caspian area, or in small factories in Teheran and other cities. These workers are the chief target of the Comintern, incidentally, and will strike or demonstrate for almost any cause, as their organizers decree. When the standard of living is as low as it is in Iran (the income per family is perhaps \$70 a year), where news and views are transmitted only orally, it takes little to organize sentiment—for nationalization of oil, or for revolution either.

In Iran, as in much of the Islamic world, the church is a strong factor in the encouragement of anti-foreignism. The temporal

power of the church was cut down in the period between the First and Second World Wars. The collapse of the Ottoman Empire and the rise of such dictators as Kemal Ataturk in Turkey and Reza Shah in Iran reduced the mosques to the level of parish churches. The more ambitious mullahs were silenced. In Iran today these dignitaries are anxious to regain power, and two of them have gained prominence as avowed enemies of the West in particular and all foreigners in general. Ayatollah Kashani, once exiled but now an elected member of the *Majlis*, is the most popular religious leader in Iran. This aged mullah, with Dr. Mossadegh, the leader of the National Front, has engineered the mass movement for nationalization of the oil industry. His activities have given rise to Fadaiyan Islam, a terrorist band of fanatics led by an ascetic young mullah named Navvab Safavi. He claims 5,000 followers. From this group came the killers of Razmara, and of at least four other men whose moderate approach to Iran's relations with the outside world had enraged the leaders of Islam.

In seeking power, these fanatics have followed the general pattern of Comintern propaganda no less than the precepts of demagoguery. This does not mean that they are obedient to the Party line, but rather that they utilize the emotional appeal to xenophobia which the Communists are so sedulous in cultivating among all Asian people. There is, however, some evidence that many of the activities of these intrepid mullahs have been financed by the Soviet Embassy. Recently, Safavi and Kashani were separately interviewed by foreign journalists, and they indicated a remarkable kindness toward Russia while expressing bitter hostility for the British. Safavi stated hopefully that "the Tudeh Party would follow me rather than Stalin." This same interview indicated that Safavi had broken his alliance with Kashani and the National Front, a fact that is likely to mean competition in terrorism between them. The behavior of Mossadegh, seeking sanctuary in the Parliament building, suggests the degree of unrest prevailing.

Moscow need not rely on these excitable clergy. Its Tudeh Party has grown in the last two years to the point where it can take the initiative in inciting riots and harassing public officials. There are perhaps 15,000 hardy members of the Party—a sufficient number to stage a coup d'état. They are disciplined as is no other force in Iran and include a large proportion of the younger intelligentsia. The Party failed in the Azerbaijan crisis of 1946 be-

cause the Russian was despised as a foreigner. Although the social problems in the overcrowded province of Azerbaijan needed and still need correction, the alignment of the so-called Democrats with the Russian occupation doomed the movement. A lesson has been learned, and while the phrases of the Stockholm "Peace Petition" are seen on banners in the frequent student parades, the basic theme is an appeal to nationalism. The infidel *farangi* is the scapegoat for Iran's misery.

The size and prominence of the oil company make it the easiest target. The Company employs more than 65,000 people. Through royalty payments and taxes it contributes directly about 32 percent of the Iranian Government's income. Indirectly, the total contribution is perhaps another 20 percent. The Company dwarfs every other enterprise in the country, excepting only the Government itself. Its operations supply about 80 percent of the foreign exchange earned by Iran. Its very size causes many otherwise logical Iranians to fear it and believe with religious intensity that it is capable of the most sinister behavior. If the Company erred, its error has lain chiefly in the failure to recognize that such disproportionate bigness is dangerous.

Despite the increased contribution of the Company, which even under the 1933 schedule of concessionary payments has more than doubled in the past 11 years, Iranian finances have deteriorated, and with them the administrative structure of the country. For the last three fiscal years, the deficit of the ordinary Iranian budget has been growing. On a cash basis alone, last year's deficit will equal about \$31,000,000—about 16 percent of the cash income of the Government. The Government has reached the end of prudent and legal borrowings from its central bank and now faces a recurrent technical bankruptcy. Realistically, this condition can be alleviated only by a combination of measures of which, as is obvious, the settlement of the oil problem is paramount. It could be accomplished even with nationalization if the forces at work in Iran can agree on effective foreign management and technical and marketing assistance. This is the essential ingredient of a solution of the financial problem.

Under present circumstances, budget reform appears to be politically impossible. About 90 percent of the budget is devoted to payment for personal services, including payments to the military. While most officials will readily agree that the number of civil servants is excessive, the structure of the bureaucracy pre-

cludes any wholesale reduction of staff without a basic reorganization of the methods of carrying on the Government's daily business. Unproductively employed civil servants are now protected. Reduction in staff further assumes that there are employment opportunities available. This is not the case, although a basic justification for the much-heralded Seven-Year Development Plan was to provide such new employment. The recent inflationary spiral has worked against this, and the Government has been unable to afford the Plan, in the dimensions in which it was conceived.

The political problem inherent in government staff reductions does not affect the lower-income group (who can be transformed into unskilled labor on public-works projects without difficulty) as much as it involves the higher-grade employees. These few thousands represent the administrative strength of the country. While their salaries have increased some 200 percent since 1939, the cost of living has increased about 585 percent. This inflation has undoubtedly had its effect upon the integrity of government administration, giving rise to an increase in part-time employment and increasing corruption. The more immediate problem arises from the fact that the growing "intellectual" strength of the Tudeh Party is being recruited from this hard-hit group. The failure of the Government to help young engineers and technical administrators utilize the skills they possess has multiplied frustration and brought many to the point where they are ready to accept the slogans of the Tudeh Party. Nor does the West help in measures sufficiently dramatic to capture the imagination of the Iranian. Britain, particularly, has failed as a leader because she chose to approach Iran almost entirely in commercial terms.

It is impractical to expect any appreciable reductions in the cost of Iranian government. On the contrary, there is increased pressure for military expenditure brought about by the modernization of the army as a result of the Mutual Defense Assistance Program of the United States even though most of the cost of this is being met by the United States. The current instability of the country necessitates the maintenance of the army, although as yet it hardly constitutes an important link in the defenses of the Middle East. Improved collection of taxes, or improvements in the present structure of taxes which penalize the poor and leave the rich relatively free, cannot be expected without stability and leadership. These qualities are certainly not in evidence today.

Under present conditions the Iranians are not able to maintain their own government services, or to carry out a development program, unless they receive assistance through the next few years. Unless the West is prepared to lose another Asian nation to the Soviet system they must be helped. It is almost too late—and Iran, like China, is a very difficult nation to aid.

IV

To Iranians, the recent record of the West's failure to help them began with the Teheran Declaration. Americans and British alike dismiss this claim by citing the text of the document: ". . . any economic problems confronting Iran at the close of hostilities shall receive full consideration, along with those of other members of the United Nations, by conferences or international agencies, held or created to deal with international economic matters. . . ." There was no promise of material aid in these words. Citing them, however, in 1947, the Iranians approached the International Bank and informed this new and cautious institution that Iran proposed to undertake a \$650,000,000 development program; and of the amount named they asked that \$250,000,000 be loaned by the Bank. Then began a series of discussions, which although conducted sympathetically by the Bank, have resulted in no loans to Iran. The Iranians still cannot believe that if the Bank desired to help a way would not have been found. America, which in Iranian eyes is indistinguishable from the Bank, had publicly given much support to the development plan from its very beginning, and had urged the Iranian application to the Bank. The lack of result has thus seemed to the Iranians, who do not yet understand the sophistications of Western banking, to mean lack of sincere support by the United States.

The Bank first pointed out that commitments of funds of this magnitude, without detailed information about the self-liquidating aspects of the projects in view, was against its fixed policy. The management expressed interest in the Iranian effort and suggested that it be given engineering studies of the Seven-Year Plan as a whole, and of specific projects in particular. Iran responded by commissioning an American engineering company to prepare such an over-all study. This study confirmed the hopes of the Iranian planners, but it did not provide the specific plans on which the Bank could act. In the summer of 1948, Iran asked the Bank

to nominate a number of consultants who would be able to assist the Iranians in preparing the specific projects that were required as a next step. The Bank suggested that this could be better done, for a program as ambitious as the Seven-Year Plan, by a firm of industrial engineers with broad experience. Overseas Consultants, Inc., a consortium of American engineers, was suggested among others. Assisted by a British firm, this group prepared a comprehensive study, at Iranian expense. An extensive program was drawn up, and an organization established. Before six months had elapsed, however, it was clear that (particularly after two bad crop years) Iran could not afford a development program of the size planned without the increased oil royalties. The Bank, being a bank, did not find Iran a suitable risk.

The result was that the execution of the Plan virtually came to a stop. Had it not been for the efforts of the Shah's younger brother, Prince Abdorreza, the Plan would have died. He, with a few younger men, remained determined to keep the concept alive. And fortunately some inexpensive projects that had been undertaken showed early results. Nearly 500,000 cattle and sheep were inoculated for protection against rinderpest; 30,000 hectares of the Moghan steppe, almost virgin grain country on the Russian border, were put under cultivation; more than 50,000 peasant dwellings were sprayed with D.D.T. Moreover, essential engineering studies for a score of major projects were undertaken, and the largest of these are now acceptable to the International Bank. The heaviest expense for the Plan lay in financing the nearly moribund Government industry, and here there have as yet been few tangible results. The Plan also undertook to complete a railway extension to Tabriz, linking Azerbaijan with Teheran. Unfortunately, few of the projects actually undertaken were devoted to the improvement of agriculture—the basis of the Iranian economy—since most of the funds available had already been allocated to other enterprises.

The Plan was originally conceived as an orderly, economic revolution. When the conditions of Iranian finance undermined the Plan, the desire of the Iranians to develop their country on any realistic basis was defeated. The Seven-Year Plan was an Iranian concept; but to most Iranians, because of the assistance received from O.C.I., it represented the technical efficiency of the West, and notably America. It failed partly because of the Iranian failure to manage the country's affairs properly; but it

failed also because the West did not recognize that the Plan was a last-ditch effort by Iranian liberals to erect a bulwark against political chaos and resultant Soviet intervention. If the West had recognized this two years ago, presumably its contribution to the effort would have been more tangible. If, instead of viewing Iran in terms of the substantial sterling payments which the Anglo-Iranian Oil Company was prepared to make, the United States had found a way of insuring the Plan against financial failure, as it insured the economies of Western Europe, much of the near disaster of today might have been prevented. It would have cost far less than the loss of Iran could mean.

The United States did take some action, and more may be taken now. In the summer of 1950, after repeated pleadings from the Embassy, the United States offered a \$25,000,000 Export-Import Bank loan, mostly for agricultural development; but the political unrest had gone too far for this small figure to capture anyone's imagination. The figure was small in relation to the requests which Iran had been making to America, small in relation to Iran's own currency reserves, small in relation to Iran's strategic importance. All of these are political realities, and American failure to perceive them is at least one of the causes of Iran's present "neutralism." The loan, while still available, is not likely to be accepted by the present *Majlis*, which must approve such loan transactions by the Government. However, at the request of the Shah and the Government, the United States is supplying military assistance in equipment and advice. It is a hopeful fact that the Iranians, despite constant pressure from the Tudeh Party and Russian broadcasters, continue to accept this aid and advice. We are also supplying a small amount of technical assistance under the Point Four program, and intend to augment this technical service by a moderate grant-aid program under the Foreign Assistance Bill now being considered in Congress. Unfortunately, the aid presently given or offered does not correspond to inflated Iranian impressions of the size or type of investment which Iran requires and can absorb. It therefore may lack the power to stimulate the Iranians to reverse the trend toward further deterioration of the whole situation.

The recent mistakes of policy and approach are now clear. Until too late, the British pressed for a commercial solution of a political problem. The United States left a political problem to economists, who added up Iran's gold reserves and potential oil in-

come and decreed that they were large enough to be the basis of progress; they were perhaps—except that the political ingredient of Iranian self-confidence was not included. In working with Asia, it is almost an axiom that the Asian's belief in himself, his country and his job is an absolute prerequisite for progress or reform. It is, of course, equally true of an American or Britisher. In Asia, where few men are aware that industrial power is a tool of mankind, where survival is a grim daily problem, confidence comes hard. It can be possible—and many times in the past has been—for an emperor or dictator to instill confidence through discipline. There is no such leader in Iran today. Even the Shah, whose concern for his people is great, whose orientation is clearly to the West, has yet to show that he is the leader for these times. The West should certainly continue to give him support, for he may yet be able to supply the needed leadership. To do this the Shah must have behind him the unifying and disciplinary force of the Army, at least as a symbol, if not as an executive arm. Even this cannot be counted upon.

In the crucial task of rebuilding the confidence of Iranians in themselves and in the West, America must realize that though we may bear the heaviest burden of a new policy, no unilateral approach to Iran can succeed. The United States must work with the British (regardless of what mistakes we think they have made), and through a broad international effort if possible. The task is to recreate the desire of the Iranians to develop their country themselves. It is not too late to talk of development—but it is clearly too late to speak of oil concessions outside the context of international economic and social development.

THE NEW FRONTIERS OF THE SOVIET UNION

By W. Gordon East

THE Soviet Union emerged from victory in World War II with enlarged territories both in Europe and in Asia. The effect of ideological factors on Soviet policy receives so much attention today that one often forgets how strong an influence territorial changes in themselves exert upon subsequent policy. New boundaries may settle quarrels—or may exacerbate them. They may mark the limits of expansion of some Power—or the jumping-off places for greater advances. A careful scrutiny of the territorial acquisitions of the U.S.S.R. and of the strategic significance of the new frontiers which they have traced upon the map of Europe and Asia may offer clues to the direction of future Soviet moves.

A British Foreign Secretary, Lord Curzon, who was also an eminent geographer, once wrote: "Frontiers are indeed the razor's edge on which hang suspended the modern issues of war and peace, of life and death to nations." And although it is probably true that frontier incidents alone are now unlikely to be the cause of a major war, they certainly can be the pretext. Of the danger spots of the last five years—Greece, Berlin, Yugoslavia, Tibet, Indo-China, Turkey and Korea—only the last two lie strictly adjacent to the frontiers of the U.S.S.R. But it is not easily forgotten that the power of the Soviet Union extends far beyond its own boundaries both in Europe and in Asia, thanks to its occupation forces in Germany and Austria, its military lines of communication through Rumania, Hungary and Poland, its creation of satellite neighbors and its privileged position in Manchuria.

Though the international boundaries of the Soviet Union are only about half as long as its coastline, they stretch for 10,000 miles. They delimit 11 bordering states, six in Europe and five in Asia. The sheer length of an international boundary, and the physical geography of the frontier region in which it lies, afford of course no criteria of frontier tension. Witness the war which Bolivia waged against Paraguay in 1932–35 in the Chaco, a tropical zone so forbidding geographically that it might have been expected to insulate peaceably the settled areas of the two states. Witness, too, in contrast, the peaceful stability of the long open frontier between the United States and Canada. But in the light

of traditional Russian territorial ambitions, which now appear to be subsumed in Soviet foreign policy, and also of the international character of Soviet Socialism (misnamed Communism), the great length and wide distribution of the frontiers of the U.S.S.R. provide a tempting choice of theaters for diverse action—propaganda, ideological infiltration, sabotage, the fomenting of “civil” war (a phrase which has taken on new shades of meaning) and direct warfare undisguised—all designed to advance a common end.

“The old Europe has gone. The map is being rolled up and a new map is unrolling before us.” So spoke the late General Smuts in 1943. The territorial expansion of the U.S.S.R. since 1938 has taken place mostly in Europe, but in both Asia and Europe other gains were considerable, though less obvious. Along the 900-mile boundary between the Barents Sea and the Gulf of Finland, Soviet accessions of territory were secured by the Treaty of Moscow with Finland in March 1940. They were increased after the second Soviet-Finnish war by the peace treaty of February 1947. Between the Baltic and Black Seas, also a distance not far short of 900 miles, gains were first effected under cover of the Nazi-Soviet Non-Aggression Pact of August 1939; they were subsequently lost but recovered during the Soviet-German war of 1941–45. Peace treaties made in 1947 with Rumania and Hungary determined some of these territorial changes; the others are mainly based on the decisions made at Yalta and Potsdam in 1945.

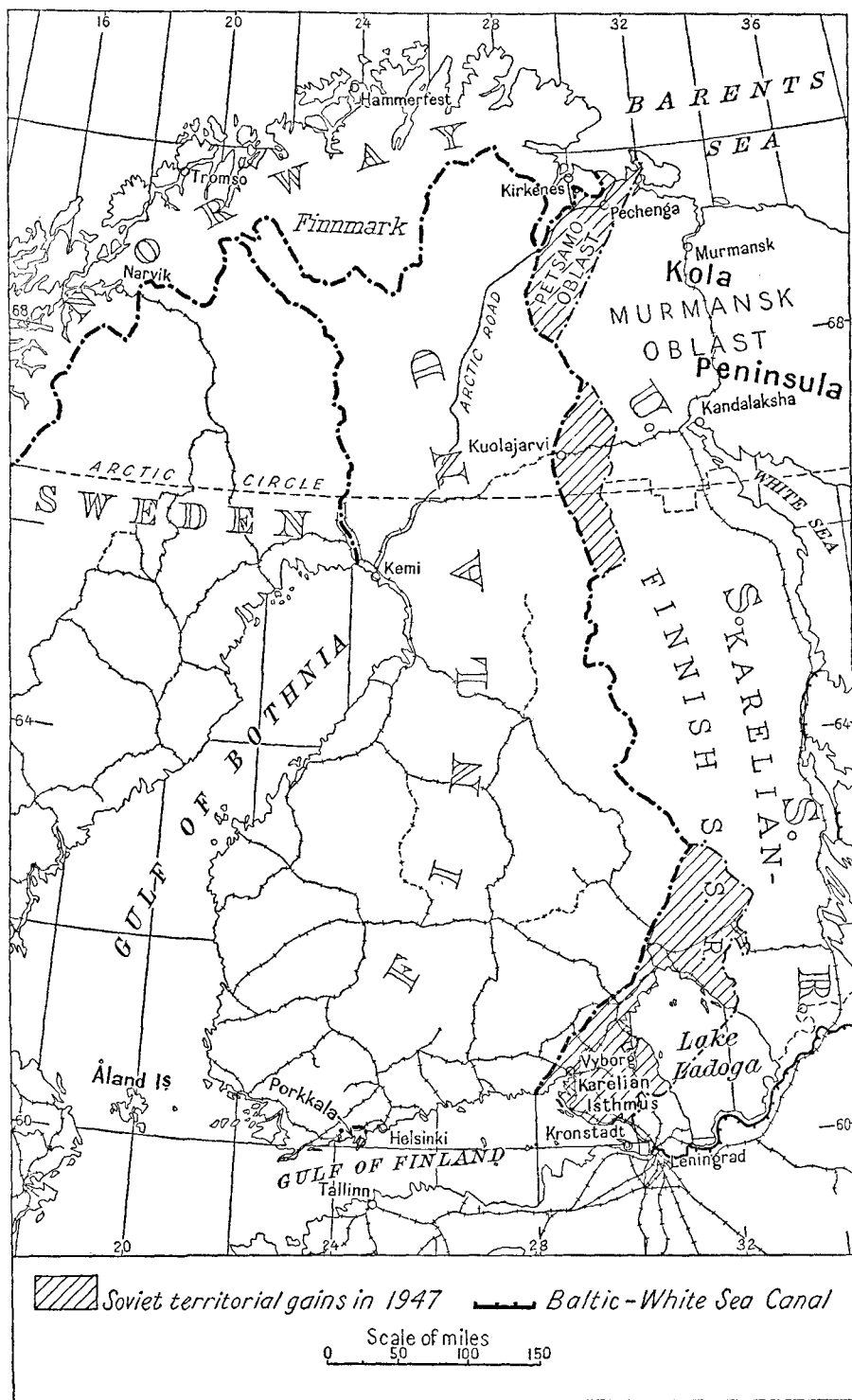
By its expansion in Europe, the Soviet Union projected itself westward into the politically unstable “shatter zone” of Central Europe. The three Baltic States were brought into the Union as constituent Soviet Socialist Republics, and accessions of territory were made at the expense of no less than five states—Finland, Germany, Poland, Czechoslovakia and Rumania. These additions amount to about 190,000 square miles: if they enlarge the total area of the U.S.S.R. by little more than 2 percent, nevertheless they add an area larger than California, made up of lands strung out through 25 degrees of latitude—from that of northern Alaska to that of Portland, Oregon. Moreover, the population of the Union has been increased by some 24,000,000 people, about half of whom are either Ukrainian or White Russian. This represents an increase of Soviet manpower by nearly 15 percent. We may note in particular that the U.S.S.R.’s maritime position is substantially improved; its boundary between the Baltic and the Black Sea is shortened, and in the extreme south it overlaps the

watershed of the Carpathian Mountains. It is significant, too, that Soviet territories now flank Poland on her northern side. And not the least important result of the Soviet gains in Europe is the establishment of direct contact with three states—Norway, Czechoslovakia and Hungary—which were formerly separated from the U.S.S.R., the first by Finnish, and the last two by Polish and Rumanian territory.

II

Let us examine these new boundaries in more detail. The U.S.S.R. advanced its boundaries at the expense of Finland in three sectors (although 400,000 Finns migrated from the ceded areas to resettle in Finland). The most important adjustment was in the Karelian Isthmus—the neck of land, narrowing to less than 50 miles in width between Lake Ladoga and the Gulf of Finland, at the head of which lie Leningrad and the insular base of Kronstadt. When, after World War I, the Grand Duchy of Finland, which had been attached to the Russian Empire since 1809, was replaced by an independent Finnish republic, the boundary across the isthmus was drawn favorably for the Finns, who profited by the weakness of the new Bolshevik régime. Behind this boundary, making full use of the constriction of the isthmus, Finland built her main defense works, the Mannerheim Line, which lay only about 30 miles from Leningrad. The vulnerability of Leningrad from this landward side was doubtless the primary reason for the Soviet attack on Finland in November 1939. Leningrad, with its suburbs, was a city of more than 3,000,000 inhabitants—the largest city in the world in such a high latitude (60° N.). It accounted for fully one-tenth of all Soviet industrial production, contained important shipbuilding yards, and commanded the only Soviet outlet to the Baltic.

The area annexed from Finland in the Karelian Isthmus extends from the head of the Gulf to and beyond the northern and eastern shores of Lake Ladoga. The southern part of this territory has been added to the Leningrad *oblast* of the R.S.F.S.R. (Russian Soviet Federated Socialist Republic), and the rest to the Karelian-Finnish Soviet Socialist Republic, which, as a result, obtains an outlet to the Baltic through the port of Vyborg, formerly Viipuri. The U.S.S.R. therefore now holds not only the whole of the isthmus—possession of which alone made the military defense of Finland possible—but also the thriving seaport and water and



rail focus of Vyborg. Soviet control of the Gulf of Finland was confirmed by the acquisition, through the 1947 treaty, of a lease for 50 years of the Porkkala area and its peninsula, which command access to Helsinki by water. The U.S.S.R. had earlier gained control of the southern shore of the Gulf from the Estonian coast, on which the port of Tallinn is linked by rail to Leningrad.

The second area detached from Finland lies astride the Arctic Circle at the waist of Finland, between the White Sea and the Gulf of Bothnia. This area is part of a great wilderness of lakes and forests, scantily peopled by Finns, Karelians—themselves a Finnish people—and Russians. In contrast to the well-populated Karelian Isthmus, this forms a frontier of separation between Finland and the U.S.S.R. The Soviet territory abutting this frontier consists of the Murmansk *oblast* of the R.S.F.S.R. in the Kola Peninsula (created in 1938), and southward of this, between the White Sea and Lake Ladoga, the Karelian-Finnish S.S.R. which, after the first Russo-Finnish war, replaced the Karelian-Finnish A.S.S.R.,¹ set up in 1923. These two areas cover 113,000 square miles. Only 760,000 inhabitants were recorded there in 1939, despite substantial mining, hydroelectric, transport and urban development during the Soviet period. The Finns and Karelians of Karelian-Finnish A.S.S.R. were mixing with immigrant Russians whose speech was becoming dominant. These territories acquired an increasing importance in the transport system of the U.S.S.R. The Baltic-White Sea ("Stalin") canal passes through the Karelian-Finnish S.S.R.; it is useful (though only for six months of the year) both for the shipment of bulk cargo and also for the interchange of naval vessels and icebreakers, by way of the Arctic Sea Route, between Baltic and Soviet Pacific ports. The Leningrad-Murmansk railway, electrified between Kandalaksha and Murmansk, and at least in part double-tracked, crosses both territories; and from Kandalaksha, passing through the annexed area, a line goes to Kemi near the Finnish-Swedish frontier. The line is to be completed by the Finns by 1952.

Beyond the Arctic Circle, the U.S.S.R. succeeded in dispossessing Finland of the corridor through which passes the Arctic road from Kemi to the port of Petsamo (now Pechenga), with its direct

¹ An Associated Soviet Socialist Republic (A.S.S.R.) is administratively part of a Soviet Socialist Republic (S.S.R.); the latter is a constituent republic of the federated Soviet Union (U.S.S.R.).

all-year access to the North Atlantic Ocean. This also gave the Soviets possession of the nickel smelters of Pechenga, formerly owned by the Inco-Mond Canadian Nickel Combine, and created a common boundary between the U.S.S.R. and Norway's province of Finnmark. Although railways are lacking, a road links Pechenga with Kirkenes and its iron mines, just across the boundary. The road continues westward toward a number of small towns, commanding fine harbors, such as the Alta fjord (where the *Tirpitz* screened herself with smoke to the lasting damage of the local trees), Hammerfest, Tromsø and Narvik. Thus the U.S.S.R. now has direct access to northern Norway, the coast of which—so important strategically to Hitler in World War II—flanks the shortest sea route to Russia. These coastal waters with their many deep and long fjords are kept open all the year by the Gulf Stream drift, in contrast to those of the White Sea and the Gulf of Finland.

By the incorporation of Estonia, Latvia, Lithuania and part of East Prussia, the U.S.S.R. pushed its frontiers beyond the territories held by the Russian Empire. Estonia and north Latvia were taken from Sweden by Peter the Great and held until the close of World War I. The remainder of Latvia and Lithuania had passed to Russia only with the third partition of Poland in 1795. The recent partition of German East Prussia added the northern part, including Königsberg (renamed Kaliningrad) and the rail junction of Insterburg, to the Lithuanian S.S.R. and thus to the U.S.S.R. This is a bold and novel change, for the Teutonic Knights began to colonize and master this area as long ago as the thirteenth century.

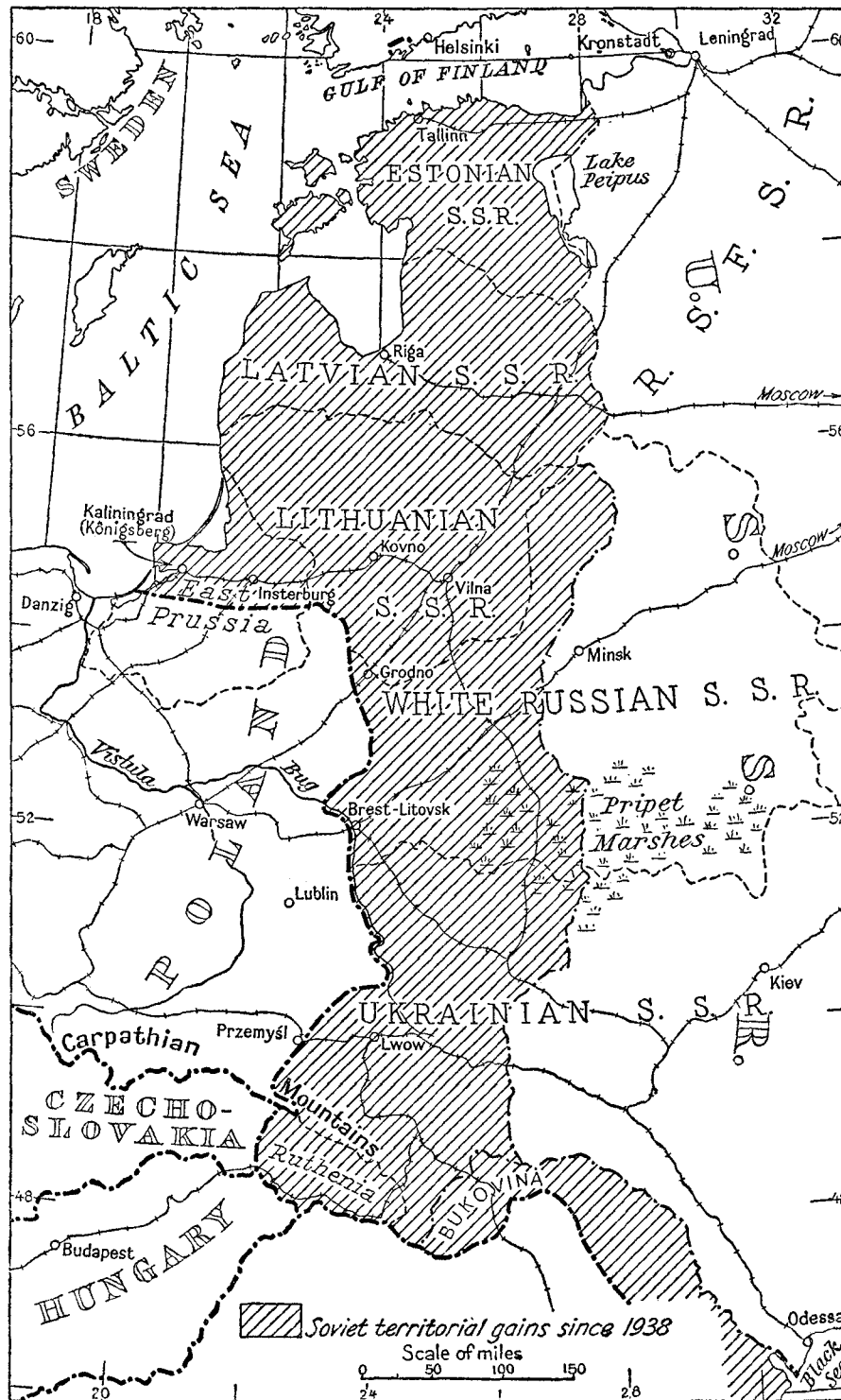
The plebiscites of 1940, by which the peoples of Estonia, Latvia and Lithuania supposedly expressed their desire to join the Soviet Union as constituent republics, need not be taken very seriously. It is true that the natural hinterlands of these countries lie in the Great Russian plain, and that railways connect their ports with this region. On purely economic grounds their union with the U.S.S.R. might appear sensible. But obviously that is but part of the story. Their acquisition brought marked advantages to the U.S.S.R. German preëminence has been ended, Finland has been deprived of her maritime defenses, the demilitarization of the Åland Islands continues, the Soviet coastlands and insular emplacements front southeastern Sweden, and friendly Polish ports lie westward of Kaliningrad. Leningrad is protected

on the side from which the Nazi attack was launched in 1941. The Soviet boundary is shortened and strategically improved, since Soviet East Prussia now adjoins northern Poland. Apart from their seaports and their railroad connections, these Baltic lands, chiefly wooded and agricultural, add little of special value to the U.S.S.R.'s resources, though the oil shales of Estonia provide a convenient supply of fuel oil for Leningrad and for Baltic shipping. We may note that, despite the extent of this expansion, the gateways to the Baltic Sea still lie outside Soviet control. The gateways are the Danish Straits and the Kiel Canal.

III

The Soviet-Polish boundary now lies about 100 to 200 miles farther west than in the inter-war years, although it has not reached the western limits of Tsarist Russia in 1914, when so-called "Congress Poland"—all that survived of a Polish state—was ruled by the Tsar as King. The new boundary runs east-west in the north, where it also delimits the Lithuanian S.S.R., and then strikes south, leaving Grodno in Soviet hands. Farther south the boundary is aligned with the upper Bug River, so that the whole of the Pripet marshes falls to Byelorussian (White Russian) S.S.R.; it then diverges southwestward across the Galician plateau to the Carpathian Mountains. The old fortress of Przemyśl lies just within Poland, but the large city of Lwow, originally founded by a Russian prince but held by Poland for several centuries, has passed to the Soviets as part of the Ukraine S.S.R. Except for East Prussia, and some small adjustments in the south which roughly balance, the Soviet-Polish boundary, as defined by the Potsdam Agreement, coincides closely with the ethnographic boundary drawn up by Lord Curzon in 1920. The proportion of Poles in the population of the area taken by the U.S.S.R. has been much debated, but seems unlikely to have been greatly in excess of 20 percent; indeed, White Russians and Ukrainians made up at least two-thirds of the total population of about 13,000,000, which before the war included more than 1,000,000 Jews. In the Soviet view, these accessions marked the recovery of Russia's "Western Lands."

The "Western Lands" lopped off from Poland consist of good farmland in the old southern provinces of Podolia and Volhynia, but the greater part of the area consists of lowlands in which transport facilities are poor and farming efficiency low. Earlier

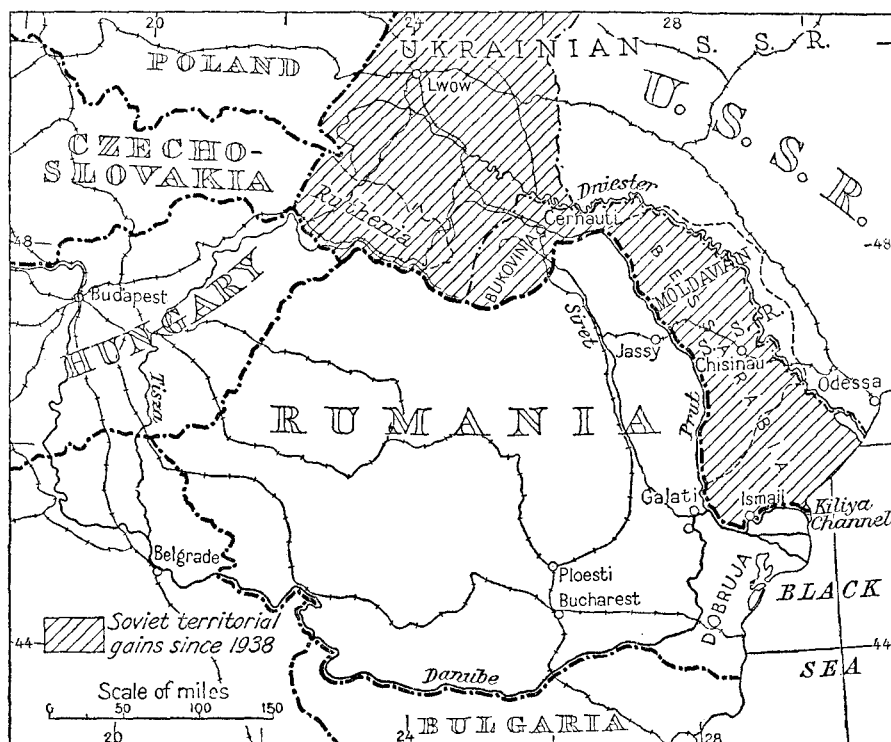


Russian occupation did nothing to advance the economy of this area (in contrast with Austrian and, still more, Prussian development of territory annexed from Poland). Soviet large-scale drainage works may improve the Pripet marshes; otherwise the economy of this area has little to add to that of the U.S.S.R. The Galician oil field has long been a dwindling asset. But again, strategically, the Soviets have profited importantly. The U.S.S.R. now holds the junction of Brest-Litovsk on the main double-tracked Moscow-Warsaw line and, more important perhaps, the junction of Lwow on the main double-tracked railway from Odessa to Krakow, Breslau and Berlin. From Lwow, too, there are single-track lines north to Lublin and Warsaw and south across the Carpathians into Hungary. The city of Lwow has for centuries served as a fortress and market place on a European thoroughfare: it lies on that diagonal route-way from the Black Sea to Belgium, between the Carpathians and the Pripet marshes, which has facilitated the movements of peoples and armies from prehistoric times.

Ruthenia, as the Hungarians call it, Sub-Carpathian Russia or Carpatho-Ukraine, as the Russians know it, is geographically and strategically more important than would appear from a glance at an atlas map. It is sharply distinguished from the higher and more rugged Slovakian and Rumanian Carpathians which lie to the west and to the east. Worn down and cut by river valleys and passes as it is, it offers a natural passage between the Galician plateau and the Hungarian basin. Through its passes came the Magyars who occupied Hungary at the end of the ninth century, the Tsar's armies which overthrew the so-called revolution in Hungary in 1849 and attacked the Austro-Hungarian Empire in 1915, and the Red Army in 1945. Ruthenia is the "appendix" area in the extreme east of the Czechoslovak republic. Historically part of the Hungarian kingdom, it passed to Czechoslovakia after World War I, and was returned to Hungary by Czechoslovakia, under Nazi pressure, in March 1939. Its shepherds and peasants—about 850,000—are largely of Ukrainian descent, so that the U.S.S.R. was able to present the annexation of the area as the liberation of brothers from alien rule. But to this ethnographic interest must clearly be added a strategical interest, for roads from Ruthenia lead into Slovakia, as well as a railway into Hungary, with which the Ukraine S.S.R. now has a common frontier.

The Soviet Union had old scores to settle with the Rumanians,

as with the Poles, when the Nazi-Soviet Pact of 1939 gave her the chance. From Rumania the U.S.S.R. seized the territories of northern Bukovina and Bessarabia, and thus advanced its boundaries to the Prut River and the Danube delta. Historically Bukovina was part of the Principality of Moldavia which, united with Wallachia in 1859, became the independent Rumanian state, freed from suzerainty in 1878. The drainage of the Prut and Siret Rivers to the Black Sea also appears to attach Buko-



vina to Moldavia, but only in the south of Bukovina are the inhabitants mainly Rumanian. Soviet interest in this forested Carpathian area is partly ethnographic, since, in the northern part which it has taken, Ukrainian people formed a large minority. Northern Bukovina fits neatly into the new Soviet frontier pattern, for it connects by single-track railways Bessarabia, Sub-Carpathian Russia and Ukrainian Galicia. The chief city, Cernăuți, has passed to the U.S.S.R., and since 1940 northern Bukovina has been merged in the Ukraine S.S.R.

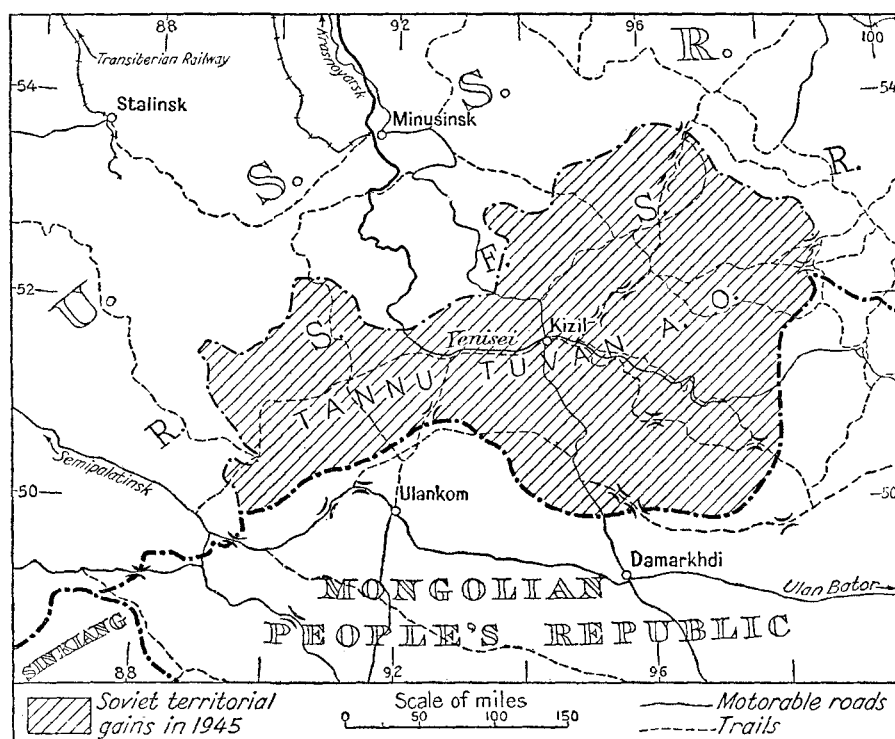
Bessarabia has long been a contested frontier region. This area of steppe—highly productive as farm land—lies between the

Dniester and Prut Rivers and fronts both the Danube delta and the Black Sea. Its population of about 3,000,000 is very mixed, at least in the towns. Rumanians—or, as the Russians preferred to call them, Moldavians—made up, however, about 56 percent of the total; Ukrainians and Russians made up 23 percent; and Jews 12 percent. Like Bukovina, Bessarabia was historically part of Moldavia, but in 1812 the Tsar Alexander, after a short and successful campaign against the Turks, acquired it by treaty. In 1856, after the Crimean War, although Russia retained Bessarabia, the southern boundary was withdrawn more than 20 miles north of the Danube delta. Only in 1919, after World War I, did Bessarabia become part of the Rumanian kingdom.

Clearly the U.S.S.R. had no intention of accepting the permanent loss of this territory. Only 260,000 Rumanians, enumerated under the heading "Moldavians," are recorded in the Soviet census of 1939, and most of them dwelt in western Ukraine between the Bug and Dniester Rivers. In 1933 the Moldavian A.S.S.R. was organized, although Moldavians constituted only about one-third of its population. When Bessarabia was occupied in 1940, the Moldavian S.S.R. (only 13,000 square miles in area with a 1940 population of 2,400,000) was formed by adding the greater part of Bessarabia to most of the much smaller Moldavian A.S.S.R. What remained of Bessarabia, including her coastland and the approach to the Danube, was assigned to the Ukraine S.S.R.

Bessarabia's supplies of grain and animal products are not a negligible asset, for, unlike the Ukraine, she has no large urban population to consume the surplus produce of her farms. But the U.S.S.R. has derived greater advantages than this from the annexation of northern Bukovina and Bessarabia. The boundary of the new Soviet unit lies along the Kiliya branch of the Danube delta and this gives it the right to be regarded as a "Danubian state." Thus, through its ascendancy over the satellite states of Rumania and Hungary, and its presence on the upper Danube in occupied Austria, the U.S.S.R. has been able to prevent the operation of the Danube Convention of 1921, which declared the Danube an "international river," open, under the safeguard of two international commissions, to the commerce of all nations. Free navigation of the Danube is considered incompatible with Soviet ideas of secrecy and security; and control of Danube navigation also provides a useful bargaining counter in any interna-

tional discussions about the Turkish Straits. In addition, Rumania's "maritime" ports on the Danube—Galati and Braila—lie just beyond the Soviet boundary. Only the steppe corridor of Rumanian Dobruja separates the U.S.S.R. from Bulgaria, which commands access to the Turkish Straits. And we may complete this interesting strategic picture by noting that the Soviet Union now borders Rumania all the way from the Danube, via Bessarabia and Bukovina, to Ruthenia.



IV

This pattern of satellite states beyond the Soviet frontier is repeated in Asia, where Soviet foreign policy has been active. The international frontiers of the U.S.S.R. in Asia extend some 8,000 miles in Southwest Asia, High (or Central) Asia, and the Far East. They also closely approach the Indian subcontinent. These boundaries have been relatively stable, though since 1938 the Soviet Union has acquired Tannu Tuva, south Sakhalin (Karafuto), the Kurile Islands and Port Arthur—a total of some 80,000 square miles. But although the borders of Soviet Asia might ap-

pear to be frontiers of separation, since they lie mostly in country remarkable for its scanty settlement, lofty mountain chains and high arid plateaus, there has been international disquiet at many points. Nor should it be assumed that because the Soviet boundaries in Asia have changed little the Russian position on her Asiatic marches has not been strengthened by other means.

Soviet Asia borders on Turkey, Iran and Afghanistan in Southwest Asia. Following the Soviet-Turkish treaty of 1921, the relations between the Soviet Union and the Republic of Turkey were friendly, but the Soviet denunciation in 1945 of the Soviet-Turkish Treaty of Non-Aggression (made in 1925) signalized the resumption of the old Tsarist policy. By a direct approach to Turkey in 1945 and 1946, the U.S.S.R. tried to secure joint control and defense of the Straits, superseding the Montreux Convention to which the Soviet Union was a party in 1936. The attempt failed. In 1945 the U.S.S.R. also fruitlessly claimed from Turkey the areas around Ardahan and Kars which adjoin the Georgian and Armenian S.S.R.s and contain a small minority of Armenians. These areas were in Russian hands between 1878 and 1917, but their cession to Turkey was confirmed by the Treaty of 1921.

Like Turkey, Iran is regarded by the U.S.S.R. as a barrier in its path to the sea and as a possible enemy base. The U.S.S.R. borders Iran both in South Caucasus and in Central Asia, and shares with her the navigation of the Caspian Sea. Weakly organized and incapable of defense against a powerful aggressor, Iran has survived as a buffer state. When Nazi intervention was threatened here in 1941, British and Soviet troops temporarily occupied their respective "spheres of influence," and Iran became an Allied supply route to the U.S.S.R. The Soviet Union showed marked reluctance to withdraw her troops from north Iran by the agreed date—March 2, 1946. Tabriz, capital of the Iranian province of Azerbaijan, is an important strategic center commanding roads into Turkey and Iraq, and linked to the Soviet railway system by a broad-gauge line to Dzhulfa. In order to bring pressure to bear on the government at Teheran to grant a desired oil concession, the U.S.S.R. arranged that the Tudeh Party should set up a separatist régime in Azerbaijan. However, these manoeuvres failed, as did similar attempts to separate the Kurds of Iran. After the case had been taken up by the Security Council of the United Nations, Soviet troops were withdrawn, the puppet régime was overthrown, and the Tudeh Party proscribed. Now Communist

groups are taking advantage of the crisis over the nationalization of the British-owned oil fields in south Iran to demonstrate openly against the West and the Government.

Three of the Soviet Central Asian republics—Turkmen S.S.R. Uzbek S.S.R. and Tadzhik S.S.R.—adjoin Afghanistan. As a semi-independent state, it acquired international prominence with the steady expansion of Russia in Central Asia during the later decades of the nineteenth century. It is an inland country of rugged mountains and semi-desert plains, the population of which comprises many ethnic elements. Afghanistan might well have passed under Russian rule save that her position commanding the chief landward approach to India awakened British opposition. There is no railway in the country, although railways reach the frontiers of Afghanistan at Kushka and Termez on the Soviet side, and at the Khyber and Chaman Passes on the Pakistan side. A few historic highways lead to the gateways of India, via Herat, Kabul and Kandahar. British policy sought to create a friendly and viable Afghan state as a buffer to further Russian expansion, and to this end secured the delimitation (and partial demarcation) of her boundaries during the 1880's and 1890's. In a Convention of 1907 Russia formally avowed that Afghanistan lay outside her sphere of influence. Britain conducted the foreign affairs of Afghanistan until 1919.

The defense of the Indian subcontinent on its northwestern marches now devolves primarily on Pakistan. Soviet interest in this borderland appears restrained but not lacking. Afghanistan contains more Tadzhiks than does the Tadzhik S.S.R., and also a small number of Uzbeks. The growing industrialization and Westernization of the Soviet Central Asian republics contrast sharply with the relatively unprogressive Afghan way of life. The Soviet-Afghan frontier could always provide possibilities for Soviet action on an ethnographic pretext.

The Soviet-Afghan boundary in eastern Afghanistan, undemarcated, lies in the Wankhan area between the forbidding Pamir and Hindu Kush Mountains. Although the U.S.S.R. and Pakistan are separated by only about 25 miles, their proximity has no strategic significance. Farther to the east, the Soviet Tadzhik, Kirgiz and Kazakh republics border Chinese Sinkiang. A few historic highways pass through Sinkiang, and those linking Central Asia to Lanchow, Chungking and Peking are open to motor traffic. From the Soviet Turkestan-Siberian railway be-

tween Ayaguz and Alma-Ata (the Kazakh capital), roads give access to the Sinkiang border about 100 miles away. Sinkiang is a vast and arid country with a population of only 4,000,000, but its northern areas, which are those nearest to the U.S.S.R., are the more populous and potentially the richest. They are reported to contain wolfram, oil and gold, as well as coal, iron and copper. China's hold on these northern areas, north of the Tien Shan, dates only from the eighteenth century and has always been weak, for this remote province is not ethnically Chinese. Turki-speaking Moslems make up 77 percent of Sinkiang's population, 10 percent are Kazakhs and only 8 percent Chinese. In the Sino-Soviet Treaty of 1945 the U.S.S.R. avowed that she had no intention of interfering in China's internal affairs, but Sinkiang has clearly become a field for Soviet political and economic penetration. The area is orientated toward the U.S.S.R. geographically, and now by air services. In 1944, the three northern districts of Sinkiang, whose population is half Kazakh, set up the "Republic of East Sinkiang" (not without help from across the border) in defiance of the Nationalist Government of China. Even now when, officially, cordial relations exist between Moscow and Peking, the Soviet hold on Sinkiang is likely to be strengthened.

v

In Southwest Asia, where the continental interests of the U.S.S.R. have been balanced by those of the Western maritime Powers, the Soviet boundaries have remained unchanged. But in Central Asia, where the U.S.S.R. and China meet along a mountainous borderland, the Soviet Union has profited territorially from China's weakness. The absorption of the Republic of Tannu Tuva into the U.S.S.R. in 1945, as an autonomous *oblast* of the R.S.F.S.R., is the logical culmination of a policy long pursued by Tsarist Russia and the U.S.S.R. The Tuva Autonomous Region is a mountainous area of about 65,000 square miles, with a Mongol population of only 70,000. It contains the headwaters of Yenisei River which flows across Siberia, and holds promise for gold and other minerals, and hydroelectricity. A road crosses the area, thus linking Western Siberia to Outer Mongolia, so that Tuva also has strategical significance.

For some 1,800 miles, from the Altai *krai* of Western Siberia to the Chita *oblast* of Eastern Siberia, the R.S.F.S.R.—the giant federalized state of the Soviet Union—borders Outer Mongolia.

Here, as in Sinkiang and Tuva, geography and politics have favored Soviet policy. The half of Outer Mongolia north of the Gobi Desert is grassland and forest, and this part lies much closer to the U.S.S.R. than to settled China. After the overthrow of the Manchu dynasty in 1911, the power of the Chinese central government in this peripheral region became weak. The Mongols of Outer Mongolia, who number about 2,100,000 and are akin to those of the neighboring Buryat-Mongol A.S.S.R. and the Tuva Autonomous Region, were organized with Soviet help as the Mongolian People's Republic as long ago as 1921. With the advent of the Japanese in Manchuria, Jehol and Inner Mongolia in the early 1930's, Soviet interest in this Mongolian republic naturally increased, for Outer Mongolia covers the direct approach from the Far East to Eastern Siberia and thus protects the vital and vulnerable Trans-Siberian railway. A Soviet-Mongolian treaty of defensive alliance was signed in 1936 to meet local Japanese threats, and joint Soviet and Mongolian motorized forces took part in the advance toward Kalgan and north China in the U.S.S.R.'s short campaign against the Japanese in July 1945.

In 1945, the Soviet Union persuaded China to renounce her political claims to Outer Mongolia, and to approve a plebiscite on the issue of complete independence. (The Yalta Agreement had stipulated the maintenance of the political status quo in Outer Mongolia.) One of the most remarkable of Soviet-sponsored plebiscites followed in October 1945: it confirmed at one and the same time the nominal independence of the Mongolian People's Republic, and its subjection to the U.S.S.R. The territory and resources of this republic are valuable to the Soviets economically as well as strategically. It yields wool and hides, in which Russia is deficient, and like other parts of Central Asia has mineral wealth. Soviet prospectors have located deposits of iron, coal, copper, lead, gold and silver, and their development has begun. The Soviet broad-gauge railway reaches the Mongolian capital—Ulan Bator—which is thus linked to the Trans-Siberian at Ulan Ude, the Buryat-Mongol capital.

In this century, Russians have always considered the Far Eastern frontiers with China and Korea their most important in Asia. Russians reached the Pacific as early as about 1645, before they had established footholds on either the Baltic or Black Seas. The Tsarist Empire did not, however, acquire its most valuable Far Eastern territories until, by treaties with China in 1858 and 1860,

it obtained a boundary along the Amur River and its tributary, the Ussuri. Manchuria, in turn a field for Russian and Japanese exploitation, has become the most industrialized part of China. It is a well-endowed land, in an early state of its development, possessing iron ore, coal and metallic minerals, as well as grain, soya and edible oil. Now that the Japanese Empire has been destroyed and a Communist régime holds sway in China, the Soviet position in the Far East is very favorable. By the secret agreement made at Yalta in 1945, which provided for Soviet entry into the war against Japan, the U.S.S.R. made substantial territorial and other gains in the Far East. Briefly these include the return of the Kurile Islands and south Sakhalin (thus making the Sea of Okhotsk a Russian lake), a lease of Port Arthur for a Soviet naval base, and the internationalization of the commercial port of Dairen. Even more important was the recognition of the privileged position of the Soviet Union in Manchuria, and of her joint control with China of the Manchurian railways. The strategical value of this is obvious.

VI

During the inter-war period the Soviet Union did not lack space; now it enjoys a *lebensraum* such as Hitler only dreamed of. Its aggrandizement was achieved partly by diplomacy and partly by war. In some areas history and ethnography supply some justification for this expansion; in others it reflects merely the arbitrary application of the might of the victor. It must be granted that all strong states have desired secure frontiers and that the interpretation of "security" always involves expansion of territory. It must be admitted, too, that in Central Asia the U.S.S.R. brings elements of Western material civilization to backward countries which need them in order to develop their natural resources more fully. For 20 years after the Revolution, Soviet Russia was confined by the *cordon sanitaire* of a suspicious and hostile world. Now that she has recovered her "Western Lands," and gained much besides in Europe and in Asia, suspicion and anxiety about her plans are greater than ever. Russian territorial expansion alone is by no means the cause of this anxiety. But careful note should be taken of the particulars of Soviet expansion. The great breadth of the new frontiers of the U.S.S.R. provide the thresholds to further Soviet adventure. This seems especially true of the new frontiers in Europe.

FAIR SHARES ON TEETH AND TANKS

By Wilfred King

THE PROBLEM of raw material supplies for European industry, to which the recent resignations from the British Government so spectacularly drew attention, is beyond doubt of profound significance for Anglo-American collaboration and for the security of the Western World. It is part of an international problem too complex to admit of comprehensive survey in any single article, even if the relevant statistical data were available; and this contribution does not presume to make the attempt. The writer's aim is the more modest one of trying, first, to set the causes and implications of the recent furor in perspective against the wider background, and then to indicate some longer-range possibilities and needs, in the hope of thereby narrowing the area of misunderstanding on (and between) both sides of the Atlantic. One difficulty at the outset, however, is that in the domestic dispute in Britain the fundamental issue of raw material supplies was heavily overlaid by purely political considerations and tactics; these must be disentangled before a clear view of the real issue can be obtained.

II

It is little more than a month, as this is written, since Britain's first rearmament budget, sponsored by the new Chancellor of the Exchequer, Mr. Hugh Gaitskell, provoked in quite unexpected circumstances two major resignations from the Cabinet and one resignation of a minor Minister. The British public had been prepared to witness the departure of Mr. Aneurin Bevan, chief architect of Britain's National Health Service, on the ground that the Chancellor had set a firm limit to the cost of the service and was imposing a "half-price" charge for dentures and spectacles supplied under it. It was quite unprepared to see the attack on the Government extended from teeth to tanks, and broadened by the adherence of two more rebel Ministers, with the support of the extreme fringe of Labor members in Parliament. It was told, in effect, that America's voracious appetite for scarce materials confronted British industry with "unparalleled disaster" and "mass unemployment;" that raw material shortages made the year's defense objectives quite unattainable, so that the budget

was based on false premises; that the whole three-year program for spending 4.7 billion pounds on defense was indeed "already dead;" that the projected pace and scale of the Western defense effort were so great that the "foundations of political liberty and Parliamentary democracy will not be able to sustain the shock;" that if the defense programs lowered the standard of life and social services of the Western World, then "Soviet Communism establishes a whole series of Trojan horses in every nation of the Western economy." These dire consequences, a bewildered public was told, were to be envisaged from a policy that allowed Britain to be "dragged too far behind the wheels of American diplomacy" and put her at the mercy of the "chaos of unrestrained capitalism in America." It seemed at first that a Government already gravely weakened by last year's departure of Sir Stafford Cripps through ill health, and by the death of Ernest Bevin only a few days before, could not survive so violent an onslaught on the fundamentals of its policy.

Yet within a few weeks the popular excitement thus aroused had so far subsided that its reverberations seemed to be more audible from Washington than from London. This is less surprising than may at first sight appear. The British public, taken as a whole, was not alert to the dangers of the raw materials situation and has not fully awakened to them even now; nor is more than a minor fraction of the public either prone to take an anti-American view or sensitive to issues that may cause difficulties between the two countries. The defections from the Cabinet did not provoke any general public outcry on these issues, nor was there any likelihood that they would do so unless they brought the Government down. But the Government has survived the main shock, has declared the threat of raw material famine to be much less menacing, on a medium view, than the dissidents alleged, and has wholly rejected the conclusions they drew from it. These reassurances, and the reaffirmation of the Government's policy, have left the man in the street more than ever convinced that this was, after all, a "dentures and spectacles" crisis—an oversimplification that is not the whole truth, but is certainly more than half-way toward it.

The American public, with its ear not attuned to catch these political overtones, has not unnaturally taken a different view. Stung by the violence and extravagance of the language used by Mr. Bevan and his friends (language that it is not accustomed to

hear from British Ministers), it was presumably the more ready to resent what it evidently regards as wholly unfounded accusations—especially as these unhappily coincided with other resentments, whether justifiable or not, against Britain. In the circumstances, it was predisposed to assume, quite wrongly, that comparable misunderstandings had been simmering in Britain, and had suddenly boiled over, in this outburst, into a charge that the United States was “hogging” materials and deliberately putting its own civilian needs and convenience above the defense programs and essential needs of its allies. And, beyond all this, there lurked the question whether even the foremost among these allies was taking its defense effort as seriously as its official pronouncements had consistently affirmed.

The subsequent debates in Britain have disposed of this last suspicion more forthrightly than of the others that have been troubling the American public. The political crisis which has thus searchingly tested British public opinion has revealed no sign of any considerable doubts about the rearmament program or of unwillingness to shoulder the large burden that it will impose (though it must be admitted that the general public has yet to realize how onerous the load may be). Even Mr. Bevan, who had been a leading spokesman for the program in the debates in Parliament only a few weeks before, had not apparently been in critical mood for long. It would be unfair, however, to accuse him of insincerity in his sudden extension of the attack from teeth to tanks; untrained in economic matters, he seems to have realized only gradually the possible implications of the defense effort, not only for his cherished Health Service but for the whole social achievements of the Labor Government over these past five years. This realization must have been sharpened by the official estimates of the large rise in retail prices, principally deriving from the steeply increased cost of imported raw materials, that will be thrust this year (uncushioned by any increase in the cost-of-living subsidies) onto the backs of British consumers—causing incidentally a further erosion of the real worth of all social payments.

To Mr. Bevan and his friends (and especially to Mr. Harold Wilson, the resigning President of the Board of Trade, who is much more alive to economic trends than Mr. Bevan) this line of argument would have led, in turn, to a fear that the burden would probably be even greater than the official estimates implied, be-

cause raw material supplies would not suffice to permit the volume of production upon which the Government's planning and budget policy were based. The one hopeful approach to the tasks of rearmament—by way of increasing productivity, which has been urged even more forcibly by the American Government than the British—was thus closed. The British Government, not without some cause, is very proud of its productivity record over the past few years; and to this Mr. Bevan seems to have pinned his faith, in the hope that Britain might thereby secure guns as well as butter—only to discover, as he thought, that this was the route chosen by the United States and by that very fact denied to Western Europe. Thus it seemed that the price to be paid by Britain for rearmament—in terms both of real sacrifice and of the social disruption caused by steeply rising prices—was being needlessly raised by a chaos in world commodity markets for which the behavior of the United States was largely responsible. Whereas in the early post-Korea days the "Bevan school" (like everybody else) had looked upon America's potential for running a guns-and-butter boom as the main rock on which Western security was founded, they now looked upon it as a threat that Europe's metal supplies and Europe's butter ration would disappear, in a surge of world-wide inflation, down the maw of America's roaringly prosperous economy.

III

There was just enough truth and logic in this argument to threaten not only new friction between Britain and the United States but also real damage to Britain's defense effort. What was novel about the attitude of the departing Ministers was not the fears they expressed but the nightmare proportions assigned to those fears, and the dangerous conclusion that therefore the arms programs should be throttled down. The Government has successfully circumnavigated these political whirlpools by pointing out that it had all along emphasized that the scale of Britain's defense effort and the nature of the plans needed to prosecute it were in the last analysis dependent upon a sufficient supply of critical materials and tools; that the basic assumptions about this year's production, although deliberately scaled down with the current stringency in mind, had been put forward with the clear warning that even this level might be unattainable; but that there was no reason yet to take so pessimistic a view; and that, in any

case, a short fall in production would be a ground not for deliberately slackening the arms drive but for intensifying the cuts imposed upon the civil economy.

Mr. Herbert Morrison, the new Foreign Secretary, while admitting that there was "most serious anxiety" about raw material supplies, gave the following assurance:

If severe shortage did thus curtail our output, although we would be unable to prevent its having some effect on the fulfillment of the rearmament program, it would certainly not be our policy to let that program take the first cuts or bear the main effects. So far as was physically possible we would continue to follow our existing line of policy and to protect both our defense program and our export drive as far as we could by taking the burden of shortage, while it continued, on our current standard of life. As far as budgetary policy is concerned, this would mean, of course, not an easier Budget, but a harder one.¹

No other policy, he affirmed, would be compatible "with that view of the needs of national security that the Government has repeatedly proclaimed and is in process of putting into effect." Mr. Gaitskell later echoed these assurances and then reiterated that the whole program of 4.7 billion pounds was still regarded as one that could be attained without "fatally damaging the fabric of our economic life," without driving Britain heavily into debt again, and without "such a fall in our standard of living as would be intolerable."

IV

Thus did the Government ride out the political storm. It would be quite wrong, however, to deduce from the subsidence of popular excitement in Britain that the real dangers to which it drew attention have been averted—even for the short run. In British eyes, this revolt, unfortunate though its surrounding circumstances were, is indeed widely regarded as having served a valuable purpose by focusing attention more sharply, on both sides of the Atlantic, upon the urgencies of the raw material problem—and in leading Washington to pour a little oil on the troubled waters. The utterances of American spokesmen are being closely scrutinized, and the recent assurances from Mr. Acheson and Mr. Charles Wilson have been cautiously welcomed as an earnest of future aid—especially Mr. Wilson's admissions that his "views had been changed" by his brief visit to London, that "there is no fat in Britain's civilian economy," and that certain commodities

¹ In an address before the American Chamber of Commerce, London, April 25.

will have to be reallocated if Britain's defense effort is to be kept in full swing. These promising comments have encouraged London to build considerable hopes upon the developments that may flow from the visit to Washington of Mr. Richard Stokes, the vigorous Minister to whom will be entrusted the new Government department that is about to be created to centralize all procurement and supply (but not allocation) of raw materials.

In this new mood of qualified optimism, well-informed commentators have lately shown much less disposition to blame the United States for Britain's raw material worries than they had done during the phase of astronomical advances in world prices—a phase in which America's accusation that British colonial primary producers were “gouging” American consumers was arousing, not unjustifiably, widespread indignation in informed British circles. This complaint, coming from quarters that for years had never ceased to urge upon Britain the virtues of free markets, and launched at a time when the cardinal sin of the British Government was that it was buying not too much but too little, always sounded hollow in British ears. Now that American policy has apparently become more restrained and American private buyers are temporarily over-bought, with the result that world primary prices have dipped significantly below their recent peaks, British commentators have been faithfully expounding the American point of view. The *London Times*, among others, has lately pointed out that the money rate of official American stockpiling does not appear to have been any faster in the second half of last year than in the previous 18 months; that many specific cuts of American consumption of scarce supplies have been projected by administrative decrees or attempted indirectly by selective credit controls; that people in Britain have perhaps been prone to exaggerate the number of “dollar” materials; that the shortage of sulphur, which up to date has had the biggest impact upon British industry, has had acute effects in the United States as well; and that, in general, the disequilibrium between raw material supplies and industrial demand was apparent before Korea.

These arguments, which help to place the whole problem in perspective, do not, however, deny the primacy of American influences upon world markets, a primacy that carries with it a responsibility to behave with particular care and circumspection in phases of pressure and sudden change, such as that inaugurated by the attack on Korea; and it is surely undeniable that the busi-

ness habits of the American economy are not conducive to such cautious behavior. Most British observers would unhesitatingly say that American demands were overwhelmingly more important than all others in provoking the post-Korea rises in prices, and most of the real shortages of which they were the barometer. Though it be true that official stockpiling purchases were not aggressive, the fact that American business, despite the pace at which industrial output has been rising, is now suffering a temporary inventory indigestion is proof that the total intake of supplies was unduly heavy; and further proof of the primacy of American influences is given by the sharp declines in prices that have followed the temporary relaxation of the pressure from America. Available statistics show that in six out of seven major primary materials (the exception was natural rubber) America's shares of world output rose sharply in 1950 by comparison with 1949. In contrast, Britain's shares were either unchanged or reduced, except for a moderate increase in wool; with that same exception, they were in every case appreciably below the ratio to America's shares that would be indicated by relative population. This last comparison, admittedly, ignores differences in machine-power and productivity per head; but even by 1949 these differences had already shifted the balance strongly in America's favor by comparison with the prewar relationship. With such considerations as these in mind, most British observers remain convinced that in the circumstances of the second half of last year (before any effective measures either had been taken or could begin to operate to curtail actual consumption) anything more than cautious and very selective stockpiling was wrong; and that in many cases it would have been advantageous to the whole Allied effort—including the American—if previously-acquired stocks had been judiciously released. And, for the longer term, there remains the conviction that although these crucial problems cannot be solved except by harmonious international coöperation, it is the behavior of the American economy that will in the last analysis determine whether the effort succeeds or fails.²

² For a balanced example of these views see the survey of "The New Commodity Inflation," by Mr. Oscar Hobson, City Editor of the *News-Chronicle*, in the April issue of *Lloyds Bank Review*. After remarking that neither Britain nor any other European country has the right to throw the first stone of criticism at the United States, he nevertheless concludes that "the only country which had it within its power to restrain the frightening upsurge of commodity prices was the United States, and she has so far signally failed to exercise that power." As for Britain, he comments that if she "has so far kept aloof from the stockpiling *melée*, that unfortunately has not been from any high-minded belief in the virtues of coöordinated demand but from sheer mental sluggishness."

It is to be hoped—as most observers in Britain certainly do hope—that the events of recent weeks, by promoting better understanding on both sides, have cleared the way for more effective action not only to meet the immediate needs but also to grapple with the critical longer-run problems that have scarcely yet been approached. An attempt is made at the end of this article to indicate broadly some salient characteristics of the current British attitude toward these problems. Before thus looking ahead, it is desirable to examine with somewhat greater precision the impact upon Britain of the raw material trends of the past ten months, the difficulties that are feared in the short run, and the measures that have been taken or projected to mitigate them.

v

It is undeniable that the stringency that developed in the markets for raw materials in the second half of 1950 caught the British Government on the wrong foot. Its policy had been founded on the assumption, not unreasonable before Korea, that prices were more likely to fall than rise, and that it was therefore safe to release stocks that had been built up before the devaluation in 1949 by the Government departments in charge of raw material purchases (scattered at that time between the Ministries of Supply and Food and the Board of Trade). There is no evidence to show that these 1949 purchases had been made with the possibility of devaluation in mind; but, after the devaluation, the policy of running down stocks, partly by sales at pre-devaluation sterling prices, was quite deliberately adopted as one means of cushioning the impact of sterling's depreciation upon the domestic price level, thus reinforcing the effort to stabilize wages.

Whether the Government, in framing its buying policy, should have paid more attention to international dangers even before Korea is merely a matter for debate; where it is clearly open to criticism is in the sluggishness of its response after Korea. This criticism, however, applies with much greater force to food than to industrial materials. For several months in the late summer and autumn, the Ministry of Food's purchasing missions stood Canute-like on the beaches, hopefully content to announce that they could not countenance a rise in prices. Since Britain is the market for suppliers of most of her essential foodstuffs, this policy did not do as much harm as might perhaps be expected. In Buenos Aires and elsewhere the Ministry's missions had eventually to re-

treat before the tidal waves in world markets, but the supplies that Britain needed were at any rate still there to be bought. With industrial raw materials, however, the position was very different. Although the pre-devaluation principle that gold reserves had to be safeguarded by import restrictions had a lingering death, the departments in charge of these materials were, it now seems, permitted to move more swiftly than the Ministry of Food (though with only tiny and belated authorizations for "strategic" stock-piling). In July, the order to restock industrial raw materials went out; in August the British purchasing missions were presenting their shopping lists abroad; but by November most of them were reporting quite alarming failure. The decline in stocks went on.

Over nearly every market, it seemed, American private and public buying towered like a colossus—necessarily so in materials such as sulphur and molybdenum, for which the United States is virtually Britain's only source of supply, but also, though to a less extent, in cotton, copper, zinc and certain special types of sheet steel, where United States exports account for an important, though not predominant, proportion of British supplies. Britain's frustrated purchasing agents also learnt afresh that the preemptive power of American industry when running in top gear is the ruling factor, too, in the markets for many materials that are not usually exported from its own territory, especially metals. A 10 percent increase in American consumption of lead, zinc and copper above early 1950 levels—and that is the order of annual rate of increase that the guns-*and*-butter boom seems to imply—could cut production and employment in British industries using these metals by 20, 30 and 40 percent respectively, unless the burden could be passed on to other users. It is not surprising, therefore, that since July last about the only commodities that have been forthcoming in reasonably adequate quantities for the British defense program seem to have been the sterling area staples of wool, rubber and tin—the very markets in which the violence of the rise in prices has had a notable effect in restraining aggregate demand.

In those materials where this restraint has been lacking and where, therefore, demand has run right away from supply, United States consumers seem, however, to have been at an advantage. There is nothing surprising about this. Whenever any commodity goes under the counter, the largest customer is liable to come off

best. And the United States is now far and away the biggest customer for nearly every raw-material-producing industry in the world. Striking evidence of this preponderance had, indeed, been given in the ten months after November 1948, when the minor "inventory-adjustment" recession in the United States (and the 5 to 6 percent decline in the volume of American imports associated with it) abruptly swung raw material producers from conditions of moderate boom to recession—and thereby precipitated the wave of currency devaluations. It was inevitable, therefore, that America's restocking and increased production after July 1950 (which drove up the average monthly volume of United States imports by 10 to 12 percent) should swing the raw material markets from similar conditions of moderate boom to quite desperate stringency.

The first official expectations of the broad effect of these stringencies upon British industry can be briefly indicated. Between 1947 and 1950, industrial output in Britain was increasing at an annual rate of between 7 and 9 percent, manufacturing output at an annual rate of between 8 and 10 percent, and output of the metal-using industries at a slightly higher rate than this. When the "Economic Survey for 1951" was prepared in February and March, the Government's experts estimated that this cheerful cavalcade would, at best, come to a dead stop in 1951 at the level attained by the end of 1950. Although this level was tentatively adopted as the basis for this year's economic and budgetary planning to meet the needs of defense, the Survey bluntly stated that it would not be attainable "if the levels of imports of sulphur, cotton, zinc, copper and other basic materials now in prospect cannot be improved upon." It was this warning, in particular, that justified the Government's retort to the resigning Ministers that there was nothing new—except exaggeration—in their fears that the target would not be reached. The official attitude now is that it is still too soon to say definitely that there will be any serious failure to reach the target—although in this the Government appears to be counting significantly upon a sympathetic response to its appeals to Washington. Meanwhile, preliminary estimates of industrial production for the first quarter of the year suggest that the global target (though not, of course, that of all constituent industries) was in fact just achieved in that period.

If the end-1950 rate of output can be sustained, on the average, through 1951, the year's aggregate output would be 4 percent

above that for 1950. Even if the performance is no worse than this, it will involve not only those *ad hoc* cuts in civilian use that result from specific shortages, but also a general cut in consumption. This is a far-reaching change in the pattern of economic policy followed in recent years, in which the increment of output has sufficed to allow not only the imperative strengthening of the external balance of payments and a high level of domestic capital outlay, but also a modest increase in consumption year by year. For Britain, the stringency in raw materials means, at best, that additional output cannot meet more than a part of the new defense outlays, quite apart from the further defense burden indirectly thrust upon Britain by the sharp deterioration in her terms of trade (that is, the increase in her import prices relative to export prices). Merely to maintain in 1951 the same volume of imports as in 1950 will cost Britain £700,000,000 more, an increase of 30 percent. To meet this bill and to provide the bare minimum of urgently needed additional supplies will require diverting further resources to exports—even though last year's export surplus is converted into a bare equilibrium. Since the Government is determined to avoid more than a minor cut in domestic civil investment—social investment as well as the industrial investment upon which future productivity depends—the deficiency in total resources has to fall upon consumption. Although consumers are expected this year to spend £630,000,000 more, they will get, in real terms, at least £50,000,000 less—and will fare much worse than that if the optimistic output target is not attained.

To achieve the necessary constraint by the more liberal methods followed since 1948—when the Government was first persuaded to put its faith in “disinflationary” budgeting rather than in physical controls alone—will be very difficult so long as social expenditures combine with defense to keep taxation at its present crushing level. But the Government was last year taking pride in the relaxations of controls that this wiser budgetary policy had permitted—which partly explains its reluctance to retrace too hastily its earlier steps toward economic freedom (and, incidentally, to follow the course that seems to have been preferred in the United States).

VI

For these reasons, the British Government continues to prefer

the method of "over-all" restraint of demand to new systems of rationing and licensing, except at the specific points of acute stringency. Even in these instances, it has so far generally tried to avoid recourse to detailed allocation, with all its administrative complexity and strains upon manpower, relying instead upon *ad hoc* measures to ensure a sufficient flow to defense industry. Specific cuts ranging from 10 to 30 percent of 1950 rates of consumption have had to be imposed for sulphur, zinc, copper, lead and aluminum; informal cuts have also been applied in allocations of steel, nickel, chrome, molybdenum and cotton—in the sense that purchasers cannot now get the quantities and qualities they want except perhaps when they can show the allocating authorities (in some cases private sellers) that their needs rank high in the informal scale of national priorities. Except to that extent, most of the cuts apply to industry as a whole.

The degree of disturbance already caused to production by these cuts and other shortages has been substantial. The recent allocation of 95,000 tons of American sulphur to Britain in the second quarter of the year was well above the worst that had been feared; it will enable supplies for explosives, steelmaking, oil refining, tinplate and essential health services to be kept at or above last year's levels. But the chemical industry is still cut well below its capacity use, the rayon industry is being forced to work 20 percent below capacity, and production of superphosphates will still be 33 percent below capacity. Other users of sulphuric acid will also be cut 30 percent below end-1950 capacity. Use of zinc and copper in the manufacture of certain unessential articles has been banned altogether, except for certain exporters. To other users, the current average allocation of zinc is 35 percent below the average for the first three quarters of 1950, the relevant cuts varying from 50 percent for galvanizers to 20 percent for die-casters. The over-all allocation of copper to producers of "essential" articles is 15 percent below their consumption in the first half of 1950 and about 25 percent below current capacity. For aluminum, nickel and lead consumers, allocations seem to be between 10 and 20 percent below what they need to maintain the end-1950 rate of production, although there are some hopes that supplies of these three minerals will increase later in the year. The cotton industry, which has had its supplies of American cotton cut to 50 percent of its 1949-50 consumption, is trying to make do with other growths as best it can; this industry, in-

cidentally, is faced with large rearmament demands for uniforms, web equipment, ground sheets, tents and so on.

Supplies for the steel industry are also now causing serious concern. The industry last year, as in every preceding postwar year, raised its output to a new high level. Production of steel ingots and castings rose from 15,550,000 tons to 16,290,000 tons. The "Economic Survey" forecast that, owing chiefly to German competition for ore and scrap, British production would not amount to more than between 16,000,000 and 16,250,000 tons in 1951. The nationalized Iron and Steel Board has apparently recently bruited it around that it does not expect even this to be achieved. Up to last month output figures seemed to be belying this pessimism, but three small steelworks in Wales have recently closed down because of the scrap shortage and the impending start of production at the new steel sheet and tinplate mills at Margam and Trostre. The threatened limitations on crude steel production make it probable that the output from these new mills will come on to the market only at the expense of other forms of finished steel production. Until Margam's plant starts to roll, Britain is partly dependent on United States imports for sheet steel. Reductions in these imports have already caused some British motor producers to go on short time, and the tiny ration of cars for the home market has been cut from 110,000 in 1950 to 80,000 in 1951. (Allowing for the difference in population, this would be equivalent to a supply of less than 240,000 in the United States.) Home supplies of commercial vehicles have been cut from 105,000 to 80,000. Restrictions have also been necessary in the London County Council's housing program—a cut that is political dynamite. The fact that supplies have been cut down to these "unessential" users, although there is no official steel allocation system as yet, is a sign of the way that informal controls are tending to run on ahead of formal ones in Britain's planning for its defense program.

It is difficult to say how far this gloomy picture justifies the judgment that Britain cannot possibly maintain its end-1950 rate of industrial output throughout 1951. The "Economic Survey" contained an almost impassioned plea to industry to exercise its "skill and imaginative effort" to prevent "the shortage of a particular imported raw material from having anything like a proportionate effect upon output" and there is no doubt that the process of substitution of plentiful materials for scarce ones—to-

gether with the drive for collection of waste materials and scrap—will cushion some of the impact. Among many substitution efforts, one that has attracted a great deal of attention is the new £ 3,500,000 anhydrite plant sponsored by the Imperial Chemical Industry. It is expected that this and kindred developments will reduce Britain's dependence on sulphur by 50 percent in three years. But those three years are going to be very vital ones for the free world's defense.

VII

If the many short-run expedients now in contemplation, including perhaps some releases of American supplies, prevent any such further deterioration as would seriously frustrate Britain's present production plans for 1951, they will still leave the fundamental longer-range problem virtually untouched. It cannot be too strongly emphasized, first, that the menacing degree of dislocation in world supplies has arisen before either Europe's or America's arms production has got into its stride, and, secondly, that even before Korea there was clear evidence of world shortage of raw materials in relation to industrial demand based upon high levels of employment.

The force of the first point was well illustrated in Britain's recent debate in Parliament: the Minister of Supply, though cautiously reassuring about the immediate prospect, disclosed that raw material supplies on the present scale would not suffice to meet the needs of Britain's defense program in 1952 and 1953 even if the civilian sector of the economy were completely starved. But such starvation cannot be countenanced in any conditions short of total war; it is agreed on all sides that the defense efforts of cold war will defeat their objects if they gravely endanger the stability of national economies. In British terms, this does not mean that there must be no cuts in consumption (although the scope for cutting is incomparably less than in the United States); but it does mean that the ground gained with such difficulty (and with such American aid) in the five-year struggle to reestablish Britain's economic independence and the efficiency of her domestic production machine must not be sacrificed anew. The maintenance of the level of industrial investment and of whatever level of exports is needed to keep Britain from running into debt again abroad are priorities ranking only a shade below the defense program—and particular aspects of them may even

rank ahead of particular defense demands. As one looks toward the defense program of 1952 and 1953, it seems clear that it is only by raising her productivity that Britain can hope to achieve these several exacting tasks simultaneously.

The second crucial fact—that a basic disequilibrium existed even before Korea—was forcibly brought out in the survey by Mr. Richard Bissell, Jr. in the April issue of *Foreign Affairs*. It has also been the subject of several recent studies in Britain. Among these, a survey by Dr. E. H. Stern³ estimated that whereas world demand for industrial raw materials, as measured by the growth in the output of manufacturing industry, rose by at least 60 percent between 1937–38 and 1950, world output of virgin materials rose by only 34 percent; he further showed that this deviation, which is becoming more pronounced year by year, represents an aberration from a closely parallel trend extending back to the 1870's.

The postwar drive for “productivity” has proceeded on the blithe assumption that all that is necessary to raise industrial output is to lay down more plant and improve technique—a procedure that, until recently, was saved from threatening disaster only by a process of exhaustion of secondary materials and scrap and drafts upon stocks. Now the limits are all too clearly discernible, yet demand still mounts alarmingly. Among the symptoms showing that the “productivity” theory still holds the field, especially in the United States, British observers have noted with concern the extraordinary rate at which “certificates of necessity” have been granted to American industrialists to entitle them to quick write-off of their projected plants. If demand extends at the rate such signs portend, its consequence will be, not the desired increase in total output of the Western Allies, but more or less indiscriminate paralysis of many of their industries. It has to be realized that, unless and until raw material supplies can be expanded, the hopeful theory of the guns-and-butter boom has only very limited possibilities. The butter ration has to be cut in the short run however efficient the world's industries; yet the whole wider objective of the Western defense effort may be threatened in the end if Europe's comparatively meager ration is cut too far.

In the relatively short period that embraces the phase of main strain of new defense outlays, the solution has perforce to be sought rather in cutting out marginal demands than in expanding

³ “The Long-Term Outlook for Raw Materials,” *The Banker*, London, May 1951.

supply. (If the pressure is as great as seems likely, perhaps even military stockpiling is marginal.) This leads naturally, and rightly, to schemes for international allocation, and discussions of "fair shares" for "essential" uses. But it does not rightly lead also to the assumption that, because supply may be inelastic in the short run, the price function is of little account; so that allocation may and should become in effect a concert of users to prevent their "exploitation" by producers. On the contrary, it is precisely in these circumstances that rising prices may exert their most salutary function—by enforcing economy everywhere and encouraging substitution, as well as by calling forth additional supplies where physical expansion still is rapidly possible. To the "gouging" argument, many objective British observers would reply that the high prices—of wool, for example—definitely have brought some relief already by restraining marginal demand; and that British as well as American interests would have been better served had there been similar price freedom elsewhere—notably, for example, in sulphur, the relative cheapness of which has acted as a deterrent to the rather costly conversions to pyrites and anhydrite.

This is not an argument that international allocation schemes should condone prices that are demonstrably extravagant (if only for the reason that such prices may often do more damage to supply in the long run than they stimulate it in the short). But it does mean that allocation should not be used to bludgeon producers into accepting prices far below the present equilibrium level. The only means, indeed, of striking a balance between the needs of the present and of the medium-term future seems to be by combining international allocation with relatively long purchase contracts at prices that offer adequate inducements to expansion.

To the extent that such arrangements, necessary though they are, reduce current prices, they ought to be regarded as actually aggravating the immediate problem of curtailing demand, making other methods of restraint the more necessary. However smooth and equitable the international allocation, the issue of intranational allocation and restraint will remain, and is really the essence of the short-run problem. If the working of the price mechanism, whether or not conditioned by long-term contracts, is regarded in present circumstances as too socially disruptive (as indeed it may be if proper correctives are not applied), the rem-

edy lies not in arbitrary measures to limit prices by damming up "unessential" demand, but in cutting down demand at the source.

The clear lesson of Britain's experience in 1945-1947, when Government policy appeared to rest on the assumption that physical controls could ride roughshod over orthodox principles of the market place and of fiscal and monetary policy, was that physical measures cannot work satisfactorily in peacetime, with its infinite complexity of competing priorities, unless confined to a few crucial items and operated with the minimum of detailed intervention. Under any other system, if any large head of water is allowed to pile up against the dam, much of it will soon flow around or through it, no matter how competent and numerous the planning engineers who labor to maintain the rampart. The crucial need is honestly to do battle with inflation within each economy, and the test of success in this fight is not the number and range of price-ceilings, wage-stops and controlled profit-margins, but the extent to which the man in the street—from the Twin Cities to New Orleans, from Aberdeen to Portsmouth—is genuinely "hard up." Britain since 1948 has learnt at least the first principles of this lesson, though in her social expenditures and monetary policy, and in other ways, she is still far from acting upon their full implications. But at least the Government has not, in this new emergency, forgotten the little it had learnt; it has not rushed headlong to recreate the wartime colossus of physical controls, because these could not work in conditions short of totalitarian war—or government.

POPULATION AND PROGRESS IN PUERTO RICO

By Kingsley Davis

PUERTO RICO'S valiant struggle to industrialize throws significant light on the relation of population to social change. Thirteen years ago the situation there looked hopeless. With nearly 2,000,000 inhabitants and a density of 520 persons per square mile, the island was increasing its numbers at a rate that would double the population in 35 years. Puerto Rico was poverty ridden and economically stagnant. The annual per capita income was only \$119, and no increase in manufacturing had occurred for a decade. As H. S. Perloff says, "Of all the important indices, only the index of population growth showed a sustained and uninterrupted rise." The ever increasing numbers of people of working age were swelling the ranks of the unemployed and underemployed. Relief from the United States was flowing into the island at a rate of about \$23,000,000 per year, with every prospect that the burden would expand.

Anyone acquainted with the island in 1938 felt the existing situation intolerable, and although certain solutions could be imagined, the odds seemed heavily against their being achieved. If, for example, the birth rate could be quickly reduced to equal the death rate, the population pressure at least would get no worse. But there was no sign that the birth rate would decline; no sign that the population would be less than 2,225,000 by 1950 or the density less than 650 per square mile. Perhaps migration would help; but after a period when as many Puerto Ricans came back as left, it was hard to visualize a regular exodus of some 40,000 per year. Obviously, agricultural improvement and land redistribution had only limited value; for no matter how well tilled or how equitably divided, each square mile of cultivated land could not support adequately the 1,300 people per square mile estimated for 1950. Possibly industrialization would help, but how could Puerto Rico industrialize? The island was too small and its people too poor to provide a local market. Located inside the United States tariff wall, the island had only one big market, the mainland; and how could its manufactures compete against the assembly-line products of American plants? Furthermore, Puerto Rico had no industrial resources—no exploitable mineral deposits

other than small amounts of manganese ore. Coal, iron, and oil—bases of modern industry—were lacking. The main resource was the soil, though that was not first-class and not abundant in this mountainous country.

Thus, in 1938, there were strong doubts that a solution could be found. There was endless discussion, but the choice of a remedy was largely a matter of individual predilections and personal faith. The old arguments are instructive, because at that time Puerto Rico presented a classic example of the densely settled, underdeveloped tropical area. Rural and poor, without resources but with a large and fast-growing population, it had all the earmarks of the hopelessness we still ascribe to such areas. Had there been a Point Four at that time, Puerto Rico would not have seemed a propitious place to apply it. Few foresaw what was actually to happen.

In retrospect there appear to have been several errors in forecasting probable developments. First, nearly everyone was overly impressed by the grimness of the current situation. Second, most views of the future failed to distinguish between the short-term and long-term prospects. Third, there was a tendency, doubtless as a result of partisanship, to view the possible kinds of change as mutually exclusive, thus overlooking the interdependence of various remedies. And finally, there was a failure to appreciate the dynamic quality of the existing situation.

Something had to happen. The people, importing half their food from abroad, could not get much poorer and hope to keep on living. Either there would be a decline in the birth rate, a heavy emigration, rapid industrialization, a rise in the death rate—or a combination of several of these eventualities. Since birth rates have never been known to drop precipitately in backward areas, and since no government has ever wholeheartedly pursued a policy of birth-limitation, the improbability of the first possibility, in the short run, should have been clear. It is, however, absolutely necessary over the long run. On the other hand, emigration can rise and fall with remarkable rapidity; changes in this respect were possible though they did not by themselves offer a permanent solution. Since economic change has been known to move ahead faster than any recorded rate of natural increase, it should have been apparent (and was apparent to some) that a combination of rapid industrialization and heavy emigration was the only immediate means, other than grants of funds from the

United States, of avoiding a drop in the standard of living (already dangerously low) and a consequent rise in the death rate. But quick industrialization could hardly come automatically. It had to be guided and stimulated. The Puerto Rican Government was therefore forced by the logic of the situation to undertake to supply the necessary stimulus.

II

Evidently a review of the previous outlook in Puerto Rico and of subsequent developments furnishes a lesson with respect to underdeveloped areas in general. It is, however, not a clear lesson because, as always in a particular case, there were circumstances that would not recur in other instances. Beginning about 1938 Puerto Rico had several pieces of good luck. For one thing, the long crisis finally produced a new leader who had an extraordinary combination of popular appeal, social and economic wisdom, and sincerity. It is not without significance that he was reared in New York City, attended Georgetown University, first married a non-Puerto Rican, and contributed to *The Baltimore Sun*, *The Nation* and other publications before returning to the island in 1931. This man, Muñoz Marín, founded the Popular Democratic Party in 1938 with a program of economic reform—*Pan, Tierra y Libertad*. Whereas insular parties had previously centered their attention on the island's political status, Muñoz Marín turned to the problem of reshaping the domestic economy. His "Populares" won bare control of the legislature in 1940, won all but three of the 58 seats in 1944, and repeated with a sweeping victory in 1948. The breadth and duration of his political ascendancy have made it possible for him to carry through development policies of a fundamental character.

At the same time the New Deal on the mainland was sympathetic to change in Puerto Rico. Rexford G. Tugwell, appointed Governor in 1941, was disposed by outlook and experience to plan boldly with the Populares. In addition, World War II came along. Puerto Rico, strategically located at the gateway to the Caribbean and the Panama Canal, became a military bastion. The feverish construction of bases brought jobs, money, trade—and attention. The control of sugar prices kept the island from realizing a huge profit on this item, but the scarcity of whiskey on the mainland provided a bonanza market for Puerto Rican rum, not so much because mainlanders liked rum as because they had

to take it if they wanted to have anything. (The low price and tie-in sales were strong inducements.) As a consequence, the net income from the rum industry increased ninefold during 1941-44, a greater increase than for any other type of economic activity on the island. Since the Federal authorities must turn back to the insular treasury all excise taxes, this increase in rum sales contingent on the war meant a huge, quick rise in government revenue, available for development purposes.

The military draft removed men from the insular labor force, and the mainland labor shortage provided opportunities for Puerto Rican migrants, checked only by the shortage of transport. During six years from 1944 to 1949, a net emigration of over 150,000 occurred. Thus military service and migration helped to reduce the ranks of the unemployed, and, through social benefits for service men and remittances from migrants, brought additional funds to the island.

In short, the Populares Party found conditions unexpectedly ripe for major economic developments. If ever the island was to break the vicious circle of poverty and population growth, now was the time. It is a tribute to the Party that it proved equal to the task. Muñoz Marín had the good sense to call to his aid the able young men available on the island, products of the education which the United States had fostered, to collaborate with the sympathetic régime on the mainland. A farsighted program was laid out, within the democratic framework, which would bring quick industrialization to what had been primarily an agricultural country.

To convert a liability into an asset is shrewd strategy. If Puerto Rico's liability was too many people, her asset was a large pool of low-cost labor. The trick was to use this labor, accustomed to poverty and eager for employment, as a means of attracting industry. In playing its trump card, however, the Government could not simply say to American businessmen, "Come over and use our labor." Industrialization is more complicated than that, for it requires capital, skills, stability, transport and markets. The insular Government therefore set out to use its own capital, acquired largely through the wartime demand for rum and from Federal benefits, to prepare the way for private industry. It undertook to furnish risk capital as a decoy for private capital, to supply technical and vocational training for both agriculture and industry, to improve the roads and the power system, to provide

the basis for a lucrative tourist trade, and to give tax exemptions, building sites, technical assistance and access to local capital.

To do these things, the insular government created in 1942 an Industrial Development Company and a Government Development Bank. The company started off by building four factories to manufacture bottles, cardboard, pottery and shoes, and by taking over one already built by the Reconstruction Administration for the production of cement. These plants were intended to provide a practical demonstration that industry could thrive on the island; most of them were later sold to private interests. In 1946 the company began to construct buildings for private manufacturers. It built 18 plants and one hotel at a cost of \$15,000,000, subsequently selling or leasing them to private firms. It discontinued these efforts only when its funds ran out and it had to borrow from the Development Bank to complete some of the structures.

In its most recent phase the Company has concentrated on propaganda and general assistance. It has given wide distribution to pamphlets and to articles in magazines read by businessmen; has written personal letters to nearly every manufacturer on the mainland who seemed likely to succeed in Puerto Rico; and has given detailed and free guidance about the insular laws, the tax-exemption procedures, the potential sites, the sources of local capital. Through its industrial relations officers, the Company has assisted in finding suitable labor for new plants by providing long lists of potential recruits whose aptitudes had been tested and work-records analyzed. It has helped the manufacturer solve his training problems, negotiate his labor contracts, set his standards of work performance and determine his welfare policies. The British economist, W. A. Lewis, writes, "Manufacturers who have been through this process testify that the Development Company is 'better than a father' to them, and that they have had no problems, however large or small, with which the Company has not been willing to help to the utmost limit of its power."

In June 1950, the work of the Industrial Company was transferred to a broader governmental agency established to coordinate all developmental work. The new entity, the Economic Development Administration, embraces also the Transportation Authority, the Tourist Office, the Department of Research and the Industrial Promotion Division. The effort to attract industry will thus continue on a broad front. As the Company's president,

Teodoro Moscoso, Jr., says, "The best industry for Puerto Rico is any industry."

On the whole, the strategy of the Muñoz Government has been bold and vigorous, particularly impressive in view of the dol-drumms that preceded its program. But the program is not unique. Government assistance to new industry is standard policy in all ambitious, underdeveloped areas. Puerto Rico has not utilized the familiar device of direct subsidy, and it has not supplied capital as lavishly as some governments have done. The Development Bank, like the insular branch of the R.F.C., has pursued a conservative lending policy. The tax-exemption program has had certain limitations, notably that a resident of the mainland must pay a Federal income tax (not collected from island residents) on income from Puerto Rico. As W. A. Lewis points out, "Exemption from income tax in this case is merely a gift from the Puerto Rico Treasury to the Federal Treasury, and provides no real incentive to the American capitalist." The percentage of the island's income going into developmental activities has been extremely modest, a fact which has led Daniel Creamer to remark that "characterization of the Puerto Rican economy as one of State Socialism constitutes an extravagant example of poetic license."

In view of the modesty of the financial commitment, the success of the program is remarkable. Since 1942 approximately 100 new industries have been established, most of them after 1946 and 43 of them in the fiscal year 1949-50. The dollar volume of exports is two and a half times as great as in 1942. The net insular income (in current prices) has doubled, and the number of people employed in nonagricultural pursuits has risen by about 50 percent. Less than 36 percent of the employed population is now engaged in agriculture. By this criterion, Puerto Rico is already an industrial country. The labor force is acquiring skills, and public education is going forward rapidly. There has even been talk of a rolling mill and an oil refinery.

The variety of the new industries is impressive. The following abbreviated list, giving value of exports in thousands of dollars for fiscal 1949-50, illustrates the range:

Artificial flowers	899	Hard candies	402
Artists' brushes	288	Jewelry	585
Brassières	217	Nylon hosiery	435
Cement	1,789	Paper bags	277
Chinaware	850	Plastic toys	128

Cotton piecegoods	411	Radio receivers	1,336
Cordé handbags	124	Rayon fabrics	111
Crocheted beading	220	Shoes and slippers	340
Glass containers	853	Sunglasses and	
Gloves	11,084	eyeglass frames	154
Hair and bristles	246	Synthetic hormones	1,389

Not all of the development has been in manufacturing. Puerto Rico is at last capitalizing on its climate to attract tourists. More than 60,000 vacationists visited the island during 1950, and 75,000 are expected in 1951. More than \$10,000,000 in tourist trade has already been added to the island's economy. The completion of a \$7,000,000 hotel, of a new 88-room wing on another, and other projects have removed the shortage in accommodations and gone far toward realizing the original goal of 2,000 hotel rooms by 1952 to house 100,000 visitors a year. A fishing survey has been made, and a hotel school from which 100 Puerto Ricans graduate annually has been founded. A jai alai fronton costing \$1,000,000 and a mountain resort with an 18-hole golf course are under way. Tourism promises to be a big industry of the island.

III

What, then, has happened to the population problem? It has not vanished! For a permanent improvement of living standards in Puerto Rico, fertility must come down. The crude birth rate has not fallen but has remained almost unchanged for 50 years. During the depression it got down as low as 38 per 1000, but by 1947 it had risen to 43, dropping subsequently to less than 39 in 1950. The death rate, on the other hand, has fallen precipitately. It fell from 18.5 per 1000 in 1941 to 9.9 in 1950—a drop of 48 percent in nine years. The life expectancy has accordingly risen to approximately 57 years. As a result, the natural increase is going forward at an astounding rate. During the seven years of 1944–50, when the industrialization program was getting into full swing, the average natural increase was more than 2.8 percent. If no migration had occurred, this would have meant that the population would double in 25 years. The natural increase during this period was considerably higher than that experienced ten years earlier (from 1935 to 1939), when the rate was less than 2 percent and the period required for doubling the population was 35 years. Yet in the later period the population did not grow

so fast, because a sizable emigration siphoned off approximately a third of the natural increase. The total gain in population between 1940 and 1950 was only 336,000, whereas if the migrants had not left it would have been more than 500,000. Emigration many times larger than during any previous period thus reduced the population growth of the last decade by approximately a third; but even so, the actual increase of 18 percent was one of the fastest in the world.

Observers have frequently suggested that the island's population pressure would have calamitous results. In a recent popular book on fertility, Puerto Rico is included, among other countries, in the statement that "unbalanced and unchecked fertility is ravaging many lands like a hurricane or a tidal wave." The only catastrophe that would immediately relieve the demographic crisis, like the explosion of a boiler, would be a sudden rise in mortality from some cause. But the death rate, instead of rising, has continued to decline rapidly. This remarkable achievement is sometimes regarded as itself a calamity, because, with the birth rate remaining high, the natural increase has been spectacular. A decline in mortality, however, is the opposite of a disaster. The only ground for apprehension, then, is that fertility will remain excessive for so long that it will ultimately prove impossible to hold the health gain. This is the only context in which the calamity attitude makes sense. Much depends upon the length of time over which the population growth takes place. It is quite true that any rate of population growth, if continued long enough, would eventually use up all the island's space and resources. The current pace of growth, given the already high density, would do so very quickly. It would, for example, give the island 4,400,000 inhabitants by 1985, 8,800,000 by 2020, etc. Within 150 years there would be standing room only, even assuming a rather high rate of emigration. The island lacks the resources to support even the present population at a high living standard, let alone two or three times the present number. Those who foresee a calamity in the future if the existing trend is not changed are perfectly correct. The gains from economic development would be only ephemeral if the birth rate were not affected. Yet the question is not one of the indefinite future, but of the next 20 to 50 years. Will the birth rate actually begin to decline, and will it do so in time to rescue the island from poverty and prevent a rising death rate?

Despite the industrial spurt during the last few years, there is still serious unemployment. In 1949 there were 79,000 unemployed, representing 11.3 percent of the total labor force, and there was a great but unknown amount of underemployment. The magnitude of the unemployment problem can be visualized more clearly when one realizes that the 80 new industries added between 1942 and 1950 had only 13,715 employees in 1950. In addition they created something like 10,000 associated service jobs. These gains seem pitifully small in relation to the total of the unemployed, or in relation to the 15,000 new persons who enter the labor market each year. Moreover, it must be remembered that Puerto Rico is being subsidized on a large scale by the mainland Government. Prior to 1939 the island generally sold more than it bought, but during the nine fiscal years from June 1939 to June 1948, imports were 50 percent greater than exports; the total excess is \$594,000,000. The deficiency has been made up by Federal funds. True, a sizable portion of these Federal transfers represent the excise taxes which must be remitted to the insular treasury, but even if the excise returns are considered as exports, there is still a marked trade deficit. The Federal Government is more than balancing this by its contributions. There is no sign, therefore, that the program of industrialization has reached a point where it can provide jobs for all or maintain even the present standard of living. As H. S. Perloff says, the people of the island have become adjusted to an income level which they cannot pay for through the normal channels of trade. It is an artificial adjustment. When a fast rate of population growth is placed on top of it, the reason for uneasiness about the immediate future is apparent.

It may seem idle to worry about the birth rate when emigration can take away the surplus people from a small island. As we have seen, however, even during the recent peak period the stampede to the mainland removed only about a third of the natural increase. To absorb all of it, about 63,000 people would have to leave annually. Over a long span of years there is no place that would welcome them. Populations are growing rapidly in most countries of the world. Latin American states have proved reluctant to take Puerto Ricans, and although the mainland is legally available, a steady stream of 63,000 per year would soon change that. Naturally, Puerto Rico does not wish to shirk its responsibility by dumping people indefinitely on the rest of the world.

Furthermore, their loss is an economic drain, first because they are in the productive ages of life, second because they are generally more skilled than the rest of the labor force, and third because they leave when times are good and return when times are bad. During the four dark years from 1931-1934, Puerto Rico *gained* nearly 9,000 people by migration, whereas during the six good years of 1944-1949 it lost over 150,000. People will not leave their homes unless there are opportunities abroad and they have the means to make the journey. Although the island has never in modern times been free of a large contingent of unemployed, it is not the unemployed themselves who migrate. A sample study of Puerto Ricans in New York City, where 90 percent of the migrants settle, showed that 85 percent of them had quit jobs on the island to come to the mainland. In other words, they were not simply seeking a job by migrating, but rather a better job. The wage differentials are large. Migrants coming in the postwar period earned an average of \$28 on the first job in New York, as compared to an average of less than \$15 on the last job in Puerto Rico. As long as this differential persists, and as long as mainland jobs are available, Puerto Ricans will migrate. The more educated, enlightened and modern they become, the more responsive will they be to differences of economic opportunity as between the two places. The number, therefore, could conceivably swell to the point where all, or more than all, of the natural increase was being removed, as happened in the case of Ireland. But over any extended period such an exodus would be neither likely nor desirable. At best it would merely postpone the time when the birth rate would have to fall.

IV

Obviously, much hinges on Puerto Rico's future birth rate. Since the death rate has been lowered faster than in other countries in the past, the birth rate could presumably also be lowered faster than usual. If this should occur, and if emigrants should be numerous and generous with remittances, the island would have a chance of ultimately achieving a decent standard of living.

The speed with which the birth rate will drop depends on two things: whether or not the Government adopts a direct and emphatic birth control policy, and whether or not the industrialization program continues. We have seen that when the insular Government started to take action, it placed the emphasis on

economic remedies, not on family limitation. A law was passed in 1937 authorizing the teaching and practice of contraception for reasons of health, and clinics were set up for this purpose. But though the program had some effect in acquainting the public with contraception, it was not pressed sufficiently to affect the birth rate. Many Puerto Ricans are anxious to limit the size of their families, and an all-out government campaign involving careful instruction, mobile clinics, systematic education and vigorous publicity would doubtless enjoy considerable success. Such a program may prove politically expedient. If so, it will greatly benefit the island. If not, the main hope lies in indirect influences.

Is an imminent decline likely, therefore, as a result of social and economic changes now occurring? I believe that there is. Offspring are already fewer in the cities than in the country, they are fewer in the higher income groups than in the lower, and fewer among the educated than among the uneducated. One investigation showed, for example, that urban mothers who have finished childbearing have had an average of 5.8 births, while the rural mothers have had an average of 7.3. The difference is greater as between higher and lower income strata, and still greater as between well and poorly educated groups. Such differences are precisely the kind found at the beginning of a period of declining fertility, for it is the urban, white-collar and literate classes that first begin to limit their reproduction.

The low fertility classes are being steadily augmented. Although still thought of as rural, Puerto Rico is actually quite urban and is fast becoming more so. By 1940 the proportion of people who dwell in urban places had risen to 30 percent, and by 1950 it had reached 40 percent. In fact, the gain in urban percentage during the 1940-50 decade was as great as it had been during 30 years previous. An equally impressive gain in education has been made. In 1899 only one-fifth of the population aged 10 and over was literate, whereas today about three-fifths can read and write. The proportion of the population in school grew from 2.7 percent in 1899 to 19.5 percent in 1948; the proportion of pupils in the advanced grades rose sharply; and between 1941 and 1948, the annual expenditure on public education increased by four and a third. Finally, per capita income (corrected for price changes) rose from \$122 in 1940 to \$173 in 1946. These are basic indices of social and economic change, and they all suggest the emergence of conditions which, according to everything known

about human reproduction, set the stage for widespread birth limitation.

The desire of Puerto Rican women to limit their offspring is shown both by attitude studies and by the increasing popularity of sterilization. In addition, the statistical trends show that the Puerto Ricans, like their fellow citizens on the mainland and the people of other advanced nations, are beginning to adjust their reproduction to current economic changes. Their marriage and birth rates are incipiently showing the same cyclic fluctuations observed elsewhere. The birth rate reached a low of 37.4 per 1000 in 1933, rose gradually to 42.6 in 1947, and fell again to 38.7 in 1950. Such fluctuation shows evidence of deliberate postponement of childbirth. Analysis by birth-order shows that in 1946 and 1947 the rise in the rate was sustained by an increase in first births, while the number of third to sixth births per family declined. It is by cutting down the number of later births that women lower their fertility, though the effects may be concealed for a while if marriages have been high, as they have been in post-war Puerto Rico.

These, then, are the grounds for expecting an early drop in Puerto Rican fertility. A vigorous birth control policy on the part of the Government would hasten the decline. But if the industrialization program continues, as it probably will, and if a sizable emigration is maintained, the island should achieve a modern population balance based on low birth and death rates within the next 30 to 40 years. There will doubtless still be too many people for a really high standard of living, the tragic consequence of demographic blindness; but perhaps not too many for the kind of civilization we think of as modern.

THE BRITISH PROBLEM IN AFRICA

By Margery Perham

THE Gold Coast elections of February 1951 have sent a shock right through Africa, or at least that Africa which lies south of the Sahara. To white men who have made their home in the African continent the shock has come as a perhaps only half-formulated question: "Is this the beginning of the end for us?" And every African who has heard the news—a number no one can exactly estimate—has felt a thrill of joy, and of the sudden, almost incredulous hope: "Is this the beginning for us?"

There can be no doubt that the first assumption of ministerial office by elected Negroes in a British colonial territory makes 1951 an important date in the political history of Africa and a very proper date at which to take stock. For this event in the middle of the century means that Britain is committed in act as well as in word to the speedy promotion of self-government in her African colonies. It is just 50 years, from the occupation of the interior, since British rule over these territories began; and it is not a very bold speculation to believe that they may become fully self-governing nation-states by the end of the century. It almost seems as though future African writers of history books may thus be able very neatly to sum up the first half of the twentieth century as the age of imperialism, and the second as the age of liberation.

When, however, our glance is extended from the Gold Coast to the rest of Africa, or even if it is confined to British territories, the possibility that African self-government will spread surely and smoothly appears much less certain. Developments in Asia, which may give cause for optimism to some who are anxiously looking for reasons for optimism in the stern conditions of the day, are not easily comparable with those of Africa. Even if they were, the great issues in Asia are far from being decided in favor of the West. The two great conflicts of our world—the political issue between the Communist and democratic nations, and the division of race or, less inaccurately, of color—are in danger of converging. At present, the Chinese excepted, the great majority of the colored races lie within the orbit of the Western democratic Powers. But in Africa this is because they are still under the political control of these Powers; and in much of Asia it is because they

have just emerged from that control and are still linked to the West by many economic ties, and marked—who would confidently assert how deeply?—with the impress of Western civilization.

The task of helping to develop these peoples, and of holding them in partnership, is not the same in Asia as in Africa. In Asia, though the divisions which are called communal are deep and cut across the demands of national solidarity, there are nonetheless great areas of cultural and religious unity, and of common pride based upon the inheritance of ancient civilizations. These peoples have brought their historic cultures through centuries of subjection to Western influence with their deepest elements still inviolate and they are resolved to reassert the validity of their cultures in the modern world. The special offer of the West must therefore be the possibility of a free association of differing cultures, instead of the crushing monolithic system offered by Communism. The meeting of the West with Asia, for all the present disparity of material power, will have to be between equals in status. It will have the nature of alliance rather than assimilation.

The dealings between tropical Africa and the West must be different. Here in place of the large unities of Asia was the multicellular tissue of tribalism: instead of an ancient civilization, the largest area of primitive poverty enduring into the modern age. Until the very recent penetration by Europe the greater part of the continent was without the wheel, the plough or the transport-animal; almost without stone houses or clothes, except for skins; without writing and so without history. Mentally as well as physically the Africans were helpless before a European intrusion all the more speedy and overwhelming because it came at a time when science had given Europe such immense material power. Yet the African peoples on the whole, as slavery proved, are tenacious and adaptable. The revolutionary changes which Europe has imposed upon tropical Africa within 50 years have evoked from them a positive and vigorous reaction which was lacking in some Amerindian and Pacific races. Yet it remains true that in losing their thousandfold tribal past Africans must grow into the general shape of the civilization which has been brought to them, whatever color they may in time give it from their own character and physical setting. Thus, for the next half-century or so, the relationship between the West and Negro Africa must be assimilative in the broadest sense.

If the West is to win and to hold Africa, the effort needed is thus different from that needed in Asia. But it is no less great. As in Asia, it will be a race with time. The process of enfranchisement from European control has been so hastened by a combination of forcing influences that these least-civilized peoples are likely to have the shortest period of tutelage. They may therefore break prematurely out of a recently imposed framework of unity and order into conditions of chaos or stagnation. If the primitive poverty of this vast area is to be raised there has to be massive application of capital accumulated through the energy and restraint of other peoples; managerial skill will be needed on a vast scale, with large numbers of experts discovering the lessons of science and applying them in campaigns for the betterment of life—human, animal and vegetable—and of the earth which carries this life.

If plans devised in London, Washington and other centers are not to be put through with coercive direction, but are to win the intelligent coöperation of Africans, each must be accompanied by sociological study and patient educational effort. The trained Africans now ready to play any but a subordinate part in these great schemes of betterment are to be numbered in hundreds rather than thousands. Even fewer have the wide knowledge which allows them to recognize their need of European planners, still less to play a part in drawing up the plans. While Africans outgrow the suspicions produced by sheer ignorance, a new political suspicion takes their place and this can be overcome only by political measures aimed at producing a common will between Africans and Europeans.

II

The main political question that we must answer, as we try to look into Africa's next 50 years, is whether the promise of political emancipation which Britain has made on the west coast can be fulfilled and then extended to her eastern and central colonies. The answer will depend largely upon the assessment of the strength of the influences which have prompted this policy of political emancipation. The first is to be found in the character of Britain's parliamentary institutions. By their very nature they could not be confined within her borders and were carried overseas by her own emigrants. The evolution of the white Dominions followed, and their institutions were extended, with hesitation

and difficulty, to Asia, and with even more hesitation to Africa. But this does not account for the sudden advance in Africa, during the last ten years, toward an end which, with much justification, was thought to be very distant.

The reason for this acceleration, which has come as a surprise to many people even in Britain, is to be found in a convergence of many different factors just before, during and after the Second World War. Among them was the natural maturing, especially in west Africa, of an educational system which by the thirties had begun to turn out graduates with the training and confidence to occupy responsible positions, and the ability to define and voice their political discontents. The town dwellers and wage earners increased in numbers, and since they were detached from their tribal systems, they became increasingly responsive to the new leaders. Then as the British Labor Party grew in strength it encouraged, by the force of example, the new proletarians who were beginning to develop political consciousness and to call themselves "underprivileged;" and it encouraged them directly by giving a new urgency and completeness to the promise of self-government. At the same time the uncompromising doctrines of Communism which damn imperialism and capitalism and exalt the "toiling masses" began to influence Africans, even though they did not consciously accept the doctrines or even identify them. A further factor which speeded up the process in the years before the Second World War was the effect of the demand of the Germans for the retrocession of their former colonies, since it forced Britain to emphasize the contrast between her own program for colonial freedom and the doctrine of racial supremacy put forward by the Herrenvolk.

When the war brought a period of extreme danger for Britain, strenuous economic and military services had to be asked from the colonial peoples, upon a basis of willing coöperation. And with the coming of peace, Britain's relatively greater weakness in the world subtly altered her position as a ruler of colonial peoples. Thus the heat of war forced the growth of self-government; and the favorable temperature was kept after the war by pressure from the United Nations in general, and, from their very different points in the political compass, from Russia and the United States in particular. The colonial peoples had behaved with great steadiness and loyalty, and they expected to be rewarded. Their leaders were few in numbers, but they were quick to take advantage of the

relaxation of the imperial grasp which had allowed the liberation of India, Ceylon and Burma. Moreover, new and flamboyant leaders emerged. The social and economic life of the colonies had been deeply shaken by five years of war, and, especially in West Africa and the West Indies, Negroes eagerly absorbed those millennial hopes which are born so strangely out of ruinous conflicts. Instinctively seeking to exploit the unifying forces of discontent and of indignation generated by an almost universal inferiority of status of their race, the leaders directed the restlessness of their followers against their foreign rulers. Under the protection of the old British civil liberties, a large part of the immature native press, especially in west Africa, treated every act of the Government, good, bad or indifferent, with unvarying but highly spiced denunciation.

With one of those rapid assessments of a critical situation of which they are capable after a long blind period, the British quickly decided that, since it had become morally impossible for them to answer this agitation by repressive force, there was no alternative to ungrudging and immediate cession of what had so long been promised. Hence the open-handed gestures in Asia were followed by the large installments of freedom in the West Indies and Africa. In these regions Britain revised almost every constitution between 1944 and 1950, some of them more than once, to introduce or increase native participation in the central colonial governments. Many other measures in the interests of the native people were introduced in the spheres of local government, finance, economics and social services. The recent events in the Gold Coast, the most politically-advanced African territory, by which Africans have drawn up their own constitution, carried out a general election, and put an imprisoned leader and his extreme party in power, are only the most striking results of this policy.

III

If this is the policy, and these the pressures which have produced it, this would seem the line upon which Britain must go forward. But when the situation in all of Africa south of the Sahara is considered, certain factors appear which are not merely unfavorable to the rapid development of African self-government but even hostile to it. The British Commonwealth countries in this vast area fall into three parts: the territory in the west, South Africa, and the eastern and central territories. It is

not difficult to describe South Africa's place in the political picture, as that country is now and as it apparently intends to be in the future. The Union of South Africa is a stratified society. A minority of 2,500,000 white men are absolutely dominant—politically, economically and socially—over some 8,500,000 Africans and the smaller Indian and colored communities. No one can judge the policy of the white group who does not try to enter into the tragic dilemma in which their history has placed them. They feel themselves obliged to defend their domination by principles of racial superiority which are an absolute denial of those upon which Britain is acting in her tropical colonies. The Gold Coast election has brought this contradiction into dramatic conflict, and it is not surprising that the fiercest denunciation of the Gold Coast experiment has come from Dr. Malan, the Nationalist Prime Minister of the Union. If other native territories followed this example, he said, "it meant nothing less than the expulsion of white men from practically everywhere between the Union and the Sahara." What that would mean was not a matter for conjecture. However, he comforted himself with the assertion that the experiment would undoubtedly fail, since a wrong application of the principle of democracy had made it ridiculous.

Dr. Malan was prompted by the very understandable fear that hangs over white South Africa. Even so, he was only putting into extreme terms the doubts about the Gold Coast election, and the promise of an immediate similar experiment in nearby Nigeria, which have been widespread among the white colonists in Africa. Even in England this advance is thought by many to be a leap in the dark. The fact is that the west of Africa, and the south, are moving in opposite directions. Even a partial failure on the west coast will strengthen the determination of the Union to follow its own system, and will deepen the uncertainty that hangs over the large British block of colonies to the east.

These fears about the Gold Coast experiment (which are Dr. Malan's hopes) are not groundless. There is no precedent for the sudden grant of the parliamentary franchise to a large, illiterate, tribal population, utterly remote from the political experience of the Western peoples. It is unnecessary to list all the contrasts between the development, setting and character of the British parliamentary system and the conditions in the arbitrarily demarcated region of Africa into which it has been exported. A perilously small fraction of the African people have any knowl-

edge of the arts or sciences by which the modern welfare state they demand is conducted. With an electorate at once so ignorant, so expectant and so racially sensitive, and with none of the conditions present for the development of a party system, the invitation to demagoguery seems certain to be accepted. It remains to be seen whether the restraining advice of the colonial government, the powers which it has reserved, and the long-established substructure of local government based upon tribal organization, will succeed in containing the full tide of this very new democracy. No hope of easy achievement should be cherished. But it is now in the interests of Britain, as well as of the peoples of these territories, to exert every effort to make the experiment succeed. The direct results of failure would fall first upon the inhabitants who are entirely African, but the results of a breakdown would also discourage and anger the Negro peoples throughout the world. It would harden the caste system of the Union of South Africa and would deeply influence the still undecided future of east and central Africa.

Because of the emigration of European and Indian colonists to east and central Africa, and the strains set up by the competition for power among these groups and between them and the native majorities, the situation here is even more sensitive. The tension runs from one territory to the other, affecting even those areas which have no immigrant groups. And it goes down from them to the Union, and then overseas to excite the interest and support of the nations from which the emigrants came. The conflict of power represents in microcosm, in one of its most intractable forms, the world tensions between white and brown, and white and black. The situations vary in the several territories and it may be useful to remind ourselves of the racial distribution in the countries which lie southward from Ethiopia.

To understand the full meaning of these figures it should be remembered that the Union of South Africa is a completely independent Dominion, and that Southern Rhodesia has full, responsible self-government, subject to some formal reservations by Britain over native matters which in practice are never used. All the other territories are administered directly by Britain, though Tanganyika is under United Nations Trusteeship. The penetration of the temperate highlands of these tropical dependencies by white colonists is not the only point of contrast between them and west Africa.

RACIAL POPULATIONS IN EAST AND SOUTH AFRICA

	<i>Africans</i>	<i>Europeans</i>	<i>Indians & Pakistanis^a</i>	<i>Arabs</i>	<i>Colored</i>
Union of So. Africa ¹	8,347,000	2,620,000	323,000		1,030,000
Basutoland	540,000	1,700	340		547
Bechuanaland	290,000	2,300			1,700
Swaziland	181,000	3,200			
Southern Rhodesia	1,960,000	129,000			
Northern Rhodesia	1,849,000	36,000			
Nyasaland	2,455,000	3,800	5,250		2,000
Tanganyika	7,332,539	10,648	46,254	11,074	1,335
Uganda	4,914,211	3,448	35,215	1,475	643
Kenya	5,218,232	29,660	97,687	24,174	964

¹ These figures exclude South-West Africa which according to the 1946 census had 259,000 Africans, 10,500 Bushmen, 88,000 Europeans, 44,500 Colored.

² These figures include a small number of other Asians.

Most of the peoples of eastern Africa were far less advanced in their political organization and in their culture, and were much more sparsely distributed. The chief exception was the fertile and populous region around Lake Victoria, with its large chieftainships. An additional contrast, which still further explains the relative political immaturity of the eastern Africans, is their much later contact with Europeans, and indeed with the outside world. Uganda, which contains the advanced and prosperous kingdom of Buganda, is free from white settlement, but it is closely bound to Kenya through which run its communications to the sea, and its peoples watch the white colony there with deep anxiety.

Individually and as a group, these territories confront Britain with difficult decisions. Here the principles of democracy do not fit the situation: numerically insignificant white minorities have built up the Western economies which are in operation; and they have been the dominant element politically as well. The African tribes have hitherto shown little sense of solidarity, and little interest in public affairs. Only in the last few years has there been much sign of political vitality, and that has been confined to some of the more advanced tribes, such as the Ganda in Uganda, the Kikuyu in Kenya and the Chagga in Tanganyika. In Northern Rhodesia the copper belt has attracted a mixed and restless African proletariat which is beginning to organize itself effectively in defense of its interests. The Indians are in the main confined to the towns: they are traders, large and small, and they own much of the urban property in the main cities. They are resentful of their inferior political status in Kenya, where they have smaller political representation than the Europeans, though they

are more numerous. The present split between Hindu and Moslem, reflected from their homelands, has divided their leadership.

What kind of constitution should Britain try to fit upon this patchwork of races? Partition within mixed territories, the current treatment for the irreconcilables, is ruled out. Although there are large tribal areas, the Europeans and Africans outside them are interlocked in a capital-labor, master-servant relationship, while the Indian occupies an uneasy intermediate commercial position. If there were no white settlement Britain would, as in west Africa, concentrate without doubts or distractions upon the all-round development of the Africans. As it is, she faces a problem only less sharp and embittered than that of South Africa. For more than a century in South Africa she was involved in a painful attempt to regulate the seemingly irreconcilable clash between white colonist and native African; it has left the three High Commission Territories embarrassingly upon her hands. History has shown how difficult it is for a relatively detached imperial government to mediate between its own people and the weaker groups which they have subjected. The United States experienced this difficulty in a special form when it found that victory in a bloody civil war did not enable the Federal Government to enforce its principles of justice and equality fully upon the Southern States. Britain's attempt at enforcement in South Africa lasted a century and may be said to have failed. Since the establishment of the Union, and still more since the Afrikaner Nationalists gained power, she has seen the vestiges of her equalitarian policy rooted out one by one until African subordination has been made complete.

The same problem has now presented itself in Kenya and the Rhodesias, though in less advanced form. Kenya may be chosen to illustrate the apparent insolubility of the constitutional question. The immediate introduction there of full parliamentary democracy would put control into the hands of some 5,000,000 Africans, of whom not 1 percent have any knowledge of the working of the modern state or the economy which has been built up over their heads. It would also put them in control of those small groups—British officials, white settlers and Indian traders—who are politically and economically the dominant and dynamic elements in the colony. A few people are led by humanitarian emotion or political doctrines to advocate this as an immediate policy, but even those most confident of the necessity of the new steps

in the Gold Coast cannot show that Kenya is at present in a comparable position. Even if it held no immigrant groups Kenya would not be ready for such a policy. African unity and experience would have to grow very much stronger before the Kenya settlers would be ready to relinquish the position they have secured, and the imperial government willing to coerce them and to imperil such a vital strategic area.

With so much to lose it is not surprising that most of the white settlers agree with the South African Government that the racial situation permits no middle course: that if they grant something, they grant everything. This seems the logical short-term answer; it is also the shortsighted one. The humane and long-term answer is surely that to treat people, whose potential equality has been proved in so many individual instances, as something less than men is to demoralize both those who give and those who suffer this treatment, and to harden society so that it cannot grow and must some day break. The alternative course seems to be to continue in the face of all fears and doubts with the present slow and difficult British policy of obliging the impatient white colonists to mark time politically, while actively assisting the advance of the uncivilized race and making gradual adjustments to accommodate its advance.

IV

But there is some choice of political direction as well as of pace. The British constitution, with its concentration of sovereignty in one of its legislative chambers, a system developed gradually by one of the most united and mature nations in the world, is obviously unsuited to east Africa. Nor does it seem likely that any superficial adaptations of this system, for example by way of communal voting with racial allotment of seats, will do anything but exacerbate political conflict. The aim should be to distribute rather than to concentrate power. This method runs counter to modern tendencies, but its value in absorbing racial shocks and in widening political education outweighs its easily enumerated defects. The aim might be carried out through a somewhat rigid federal structure for the whole of east Africa, with extensive powers resting in large provinces. Their boundaries should be drawn to attain the utmost possible homogeneity, but even so some of their councils would contain representatives of all races, and they would thus allow coöperation at a level where the major

political fears need not haunt the proceedings. At the center there could be a distribution of many social and economic functions to temporary or standing boards. The practical character of their work would be realistic and unifying, while the relative privacy of their proceedings would discourage any playing to the racial gallery. In a government for eastern Africa constructed upon this pattern, with the rights of minorities and the powers of provinces within the federal structure guaranteed by the imperial government, it might be possible for the several races to learn to modify their fears of each other, and thus valuable time for the experience of coöperation might be gained.

This result will not be obtained easily. In Kenya, above all, dissensions have been sharp for 30 years, and political attitudes have crystallized. But there are encouraging signs even there, for some Europeans have faced the hard truth that though they built their original privileged position upon African weakness and inferiority, such a foundation is not immutable and preliminary steps must be taken now for its gradual reconstruction. This explains why at least some of the settlers have accepted African and Indian representation in the quasi-federal East African High Commission and in the Kenya legislature, and have even also embarked upon some experiments in interracial social contact. All of this would be impossible in South Africa.

The racial situation in central Africa takes a somewhat different form. There is no Indian population of any importance, and in the Rhodesias the whites are less overwhelmingly outnumbered by the Africans than in the three northern territories. Southern Rhodesia, advancing at breakneck speed today through white immigration and industrial development, is almost a Dominion. Northern Rhodesia, with little more than 1,000,000 Africans, is dominated politically by the white settlers. The copper mines govern the economy of the country. Nyasaland, small and isolated, is a mainly African territory, but is bound by economic ties to the Rhodesias.

There have been many years of vacillation about the relationship of these three territories. In recent years, following a measure of coöperation through a central council, the Europeans of the two Rhodesias have drawn more closely together and demanded some form of federation. The Gold Coast election has now startled them into angry alignment like the crack of a whip. "The feeling is growing among the European community," de-

clared Mr. Welensky, leader of the Northern Rhodesian colonials, commenting on the election, "that the Government of the United Kingdom is not going to judge self-government for the colonies on the ability of the people to govern themselves: the whole thing will be a matter of political expediency. To the British Socialist Government, the ills of the colonies are dispelled by the provision of the ballot box and a trade union. This is a travesty of development." The Prime Minister of Southern Rhodesia has said with equal bluntness that sticking to mere numbers in a constitution might turn democracy to mob-rule in Africa.

However, while the leaders condemn Britain in these terms they also dissociate themselves from the racial policy of South Africa. They claim to be following a middle way between Britain's dangerous surrender to an unready majority and the Union's policy of repression. Britain's reason for refusing hitherto to permit amalgamation of the central African territories has been that the native policy which she has followed in the two northern Colonial Office territories is not compatible with the less liberal system of Southern Rhodesia. Native opinion, just beginning to express itself through a few voices, emphatically endorses this view. Southern Rhodesia hangs unhappily between the Colonial Office territories on the north and the Union on the south. Devotedly British in their allegiance, the white colonists recoil from the increasingly assertive Afrikaner nationalism of the Union. Yet, when they look north, they are repelled, and indeed alarmed, by the native policy Britain is following. At this moment, the delicate problem of their future affiliation has just been discussed in a private official conference which has endeavored to find some form of closer union which will square all the circles presented by race and politics. If Southern Rhodesia could be attached to the northern colonies without Britain's paying too high a price in concessions at the expense of the African, then a boundary might be drawn along the Zambesi against the northward advance of the Union policy.

v

In all these African issues, west, east and central, Britain is obliged to play a leading part as ruler or arbiter. She cannot simply sit back and allow matters to take their course: the forces generated by European intrusion into primitive Africa are too disturbing to be left to work themselves out. Yet, though Britain

must play the leading part, and must, if she is true to her principles and professions, take up the Union's challenge with growing boldness, she is not, of course, the only influence even in tropical Africa. Great regions are under Portuguese, Belgian and French rule. But in the development of African self-government, Britain is without doubt the formative influence. Portugal and Belgium have, so far with success, sealed their territories against "unsettling" ideas. France is deeply engaged in inducing her colonies to fulfill their political ambitions as parts of a great French Union, rather than as autonomous nations. None of these Powers regards British policy with a friendly eye. Britain must reckon also upon the increasing intervention in Africa by America and the United Nations. The relations of each colony are no longer limited to contacts between it and the imperial ruler: many influences are at work to draw Africa together physically and mentally, to link its peoples to the world and to awaken them to the world's growing concern about their affairs. International intervention, which has pushed through plans for the speedy independence of Libya and Somaliland, and which plays chiefly but not exclusively upon the Trust Territories, quickens the political pace by reinforcing colonial nationalism.

Africa is indeed becoming part of the world. This vast raw continent which lies so close to Europe has, apart from that northern strip which has for so long been the southern fringe of Europe, been locked away from the influences of civilization. It is now fast being drawn strategically and economically into the Western sphere. Tropical Africa was at first little more to the Western nations than a coast line; then it became a hunting ground for slaves; next, it was parcelled up as the property of Western nations and its people regarded primarily as their supply of labor. And now the West has new and urgent economic and strategic claims upon the continent. In other words, Africa and Africans have been the instruments of other nations. Now, as a result of the civilizing influences brought consciously and unconsciously by the West, Africans are at last demanding the right to state and to follow their own purposes. The difficulties before them, mainly inherent in the physical conditions of the continent and in their own history, or lack of it, are immense. And the West faces equal difficulties in trying to find a way of harmonizing its own interests with those of this awakening Africa. The seeds have been sown for a racial conflict that will weaken, if it does not ruin, the attempt

to develop the people and their continent at the speed which the impatience of Africans and the world situation demand. The West has the desire, the science, the energy and the capital to develop Africa. Africa has a desperate need of all these things. The question is whether Africans will be able to accept them. Their poverty and weakness allowed (it might almost be said to have necessitated) a subjection so complete that when Africans became aware at last of their history and position in the world, the discovery created a deep bitterness. It finds its natural object in the colonial Powers which have brought Africa at once subjection and civilization.

The civilization is, however, in its very earliest stage, and it is impossible to foretell whether, Africa being what it is, the process could be carried on if that subjection were suddenly brought to an end. The white colonists say "no." But they are deeply interested parties, and the Africans and their supporters reject and resent their opinion just because it is theirs. The very fact of the presence of these white settlers, above all in the form which it takes in South Africa, makes it difficult for many Africans to consider reasonably any proposition about their future relations with the white man. The British policy of a gradual transfer of powers, so logical and defensible as the compromise between two extremes, thus runs against the opposition of black and white in Africa. It is too quick for the whites; it is too slow for the Gold Coast Africans today and will be too slow for those of Kenya tomorrow. Yet, since there is no alternative to this policy, Britain will be obliged to continue with it, and she must not despair if only a fraction of success is achieved. For the stakes are very high. Analogy between peoples and individuals can be misleading, but both do seem to have this in common, that their characteristics are formed very early in their development. The Western nations have grave reason to know what the Romans' failure to impose their civilization over the whole of Europe has meant to that continent: within the next 50 years, or even less, it may be decided whether Negro Africa will be won or lost to the religion and society of the West.

EISENHOWER'S RIGHT FLANK

By Hamilton Fish Armstrong

THREE nations—Jugoslavia, Greece and Turkey—cover the right flank of Eisenhower's Europe. They are small, but native pluck, geography and American aid have combined to make them individually strong. If any one of them had been a shade less strong it would be independent no longer but a victim of Stalin's program of national assassination. Together the armies of these three small states number something like three-quarters of a million men, under arms and ready to fight. General Eisenhower must wish that in the present dangerous period he commanded such a force in Western Europe, ready to fight.

As of the present writing, however, this concludes the most satisfactory part of the story. Though they are strong individually, the three nations are weak collectively. Their frontiers adjoin and they are menaced by the same adversary; but they are not linked in any defensive alliance against that adversary and so far as is known they have not developed any joint strategy for dealing with him in case he attacks. If one is invaded, the others do not have a binding commitment to come to its aid; and in case Moscow settles this problem by invading all three at once, none of the three commanders-in-chief knows what moves the other commanders will make.

Furthermore, although geography makes these three states part of Europe's first line of defense facing East, they are not as yet part of the Western military system. They are not members of the Atlantic Pact or of any affiliated regional grouping which would permit the establishment of liaison between their general staffs and the military headquarters of NATO (North Atlantic Treaty Organization) in Paris. General Eisenhower at present has no jurisdiction over them, no competence to give them advice let alone orders, and not even an excuse to ask them questions.

Turkey and Greece have long wanted to belong to the Atlantic Pact and have said so formally. "What military contribution," they ask, "can Luxembourg, Denmark or Holland make to the defense of Europe to compare with our potential contribution? Why have you sent us military missions and given us economic and military assistance unless you want us to fight for you and with you?" The visiting American finds these questions hard to an-

swer. He must wonder why, having given Greece and Turkey the "quo" of armaments, we do not hurry to bind them to supply us the "quid" of assistance in case of need.

After considerable indecision, the State Department announced on May 15, 1951, that it was urging the admission of Greece and Turkey as full members of NATO. An earlier idea, disclosed at the meeting of the North Atlantic Treaty Council in New York in the autumn of 1950, had been to draw them into the organization's planning without according them membership. Specifically, it was proposed¹ that they "be associated with such appropriate phases of the military planning work of the North Atlantic Treaty Organization as are concerned with the defense of the Mediterranean;" and the intention apparently was for them to send military representatives to sit with the planning staff of the southern (Mediterranean) command of NATO.

One trouble with this arrangement was that although Greece and Turkey accepted it as better than nothing they in fact want more than the right to be heard in evolving common defense plans; they want some sort of American guarantee, through membership in NATO or otherwise, that in case of Soviet attack they will not be left to meet it alone. The other trouble was that the southern command of NATO did not come into existence promptly as planned, due to disagreements as to whether a British or American admiral should head it—the result, in turn, of Washington's insistence (afterwards regretted) on naming the supreme commander in the North Atlantic. A natural enough feeling arose in England that Americans were "hogging" the top posts in all areas. In view of this, the privately expressed wish of other countries having Mediterranean interests to be put under American rather than British control (if only because it promised to bring them closer to the source of supplies) created further complications. As a way out of the impasse it was suggested that the Mediterranean might be divided into two or four operational areas; and when the probable inefficiency of such schemes was realized, there began to be talk of establishing a separate land command in the Near and Middle East. This would risk embroiling Greece and Turkey in the disputes of Israel and the Arab world; and the same problems of political

¹ Department of State press release, October 6, 1950, giving text of notes exchanged by Secretary of State Acheson, acting on behalf of the Council, and the Greek and Turkish Ambassadors.

and strategic relationship with the Western Powers would exist, only in more involved form than ever.

II

The Yugoslav problem was just the reverse. Marshal Tito not only did not ask to be taken into NATO but shunned any treaty relationship with the Western Powers. He had escaped from Stalin's clutches only recently and by a very narrow margin and was determined to avoid the risk of domination or exploitation from the opposite camp. Our task was to help him survive Stalin's enmity, and to do it in a way to show that we were not aiming to increase Yugoslavia's dependence on us but her ability to maintain her independence against all comers, in a general framework of international security and (if possible) peace.

The State Department, supported by Congress and seconded by the Department of Defense, has pursued this task with success. A series of American and other loans and credits enabled Yugoslavia to resist the Soviet boycott and survive the severe drought of 1950. No political conditions were set. Although—or because—Tito was not asked to change his Socialist convictions, he felt free to review them in the light of his actual experience with both Soviet Russia and the West. It thereupon was conveniently discovered that Stalin had introduced many “heresies” into original Marxist-Leninist doctrine in order to make it serve his own ambitions and the imperial interests of Russia.

Washington has been helping Tito over his economic difficulties not because he is a dictator but in spite of it. The thesis is that the only alternative to the Tito régime in Yugoslavia at present would be one installed by Stalin, and that this would be immeasurably worse for the Yugoslav people themselves as well as disastrous to our political and military interests. By the same token, the United States must try to make a new supply of modern armaments available to the Yugoslav Army and consider ways and means of extending the Western defense plan to cover the present Yugoslav gap. It must find ways of accomplishing these aims without infringing on Tito's prerogatives as an independent Communist leader—hostile to Stalinism and the Soviet camp but not committed to capitalism or any camp which can be specifically described as “anti-Communist.” Some of his reasons for maintaining this independent middle position are external, others are domestic.

In the war of vituperation waged between Belgrade and Moscow for the past three years Tito has landed at least as many hard verbal punches as he has received. The injurious acts, however, such as the expulsion of the Yugoslav Party from the Cominform and the boycott of Yugoslav trade, have come from the Russian side. So far Yugoslavia has not taken any concrete action which Stalin could genuinely believe was menacing or even effectively describe as provocative. Stalin is above all sensitive to any adverse change in the balance of military forces on or near the Russian frontiers. Tito wishes to avoid taking any action having that effect except in response to a direct Soviet threat. The rapid build-up of the neighboring satellite armies and increases in their supplies of heavy Russian equipment certainly justify Tito in replenishing the Yugoslav Army's present equipment, much of which is either out of date or of Soviet manufacture. But for him to sign a political and military pact with the Western Powers would be, he feels, something else again. Stalin cannot conceive of a pact among equals; if Tito signed even an explicitly defensive pact with the Western Powers, Stalin would consider that Yugoslavia had accepted the same satellite status toward Washington, London and Paris as the conquered nations of Eastern Europe have had to accept toward Moscow.

Tito also has to consider sentiment inside his own Communist Party. His personal colleagues doubtless are quite realistic about the fact that the Yugoslav Army must have new armaments and can get them only in the West. As for the Party rank and file, they will follow wherever Tito leads; and the non-Communist masses, both civilian and in the Army, will of course welcome any policy which builds him up as a national rather than as a sectarian leader. But at the intermediate levels in the Party—among the bosses in the towns and factories and lower grade officers in the Army—Tito and his spokesmen need time to explain how it has happened that collaboration is desirable with nations which Party literature always used to describe as hostile and voracious.

The first step, evidently, was for the Yugoslav theoreticians to go back to Marxist "first principles" in order to find firm ideological footing for the practical program which Yugoslav statesmen were being forced to adopt. This sounds as though the ensuing discussions in the Party had been insincere; but even if they did begin in an attempt to rationalize the Party's 1951 program we should not assume that they have continued to be of that charac-

ter exclusively. The debate itself permits quite another interpretation, for it has ranged very widely and is being carried on quite vivaciously, in public and private. There is animated talk about bureaucracy and centralization. There is discussion of Lenin's "The State and Revolution" and the theory of the withering away of the state. There is close comparison between the "pristine" views of Marx and Engels and the modifications made by Lenin—was not Lenin over-influenced (it is seriously asked) by his special Russian environment? There is interest in the idea that Stalin was led into conflict with Tito for the very reasons that he failed to achieve the original purposes of the Russian revolution. There is comparison between that failure in Russia and the signs of progress under both the American free-enterprise system and the modified system of the British Labor Party.

There is particularly intense inquiry about the nature of the American society. What will be the results for the United States of placing atomic energy under public ownership? Is the race of American business giants of the past two or three generations coming to an end, outstripped and outmoded by the new all-powerful scientists and technicians whose problems and achievements can hardly be understood by administrators and public relations executives? Is T.V.A. a Socialistic experiment and the prototype of the American public utilities organization of the future?

One may answer the last question, for example, by saying that T.V.A. is merely the non-ideological product of American common sense, inventiveness and drive, and that its origins were far from being self-consciously Socialistic. The pragmatism of John Dewey largely influenced the attitude of *The New Republic*, which played such a rôle in laying the intellectual basis for the T.V.A. development in the twenties. The objectives were very "practical"—to lower electric rates, to halt soil erosion, and in general to improve the poverty of "Tobacco Road" regions of the South—objectives too wide and new to be won by existing instrumentalities. The solution—half governmental, half private—was evolved in the typical American fashion of debate and experiment. The welfare of the people of the region was the objective, not the triumph of any doctrine.

A statement like the foregoing does not provoke either derision or blind acceptance in Belgrade today, but simply intense interest; and it leads into a discussion whether progress cannot perhaps proceed pragmatically as well as from doctrinaire origins.

The suggestion that Socialist development may be "unconscious" as well as "conscious" is a fiendishly heretical suggestion, of course, by all Stalinist rules, but it is not so heretical that Yugoslav Communists are unwilling to consider it in their present mood of intense disillusionment with self-serving Stalinist appeals to orthodoxy.

Evidently the Yugoslav great debate did originate partly in the need of the Yugoslav comrades to explain to themselves and others a course of action which had become imperative if an independent Yugoslav régime were to survive. But it would be just as great a mistake to suppose that the whole proceeding is therefore unreal and nonsensical as it would be to count on its leading Tito to repudiate Communism as such and become a strong contender for human rights and the values of Christian civilization. He and his colleagues will remain Communists—although Communists with a difference. What seems to have happened is that having escaped from the Moscow vacuum flask and tasted the excitement of discussing Communist theory in the strong light of day-by-day reality, they were unwilling to halt the play of their minds at any fixed point. A year ago they were busy testing the ideological bases of their position vis-à-vis Stalinism. Today they are busy testing the ideological bases of their position vis-à-vis Western democracy.

The question for us to ask is not so much "Were they sincere in undertaking this investigation?" as "What are they finding out?" They seem to be finding out a great deal. The changes being introduced in the administrative and legislative system, in the administration of justice, in the handling of the peasant problem, in the dissemination of news, are gradual, but they may on that very account be the more lasting. Tito would find difficulty in obliterating them by some new *coup de force* even if he suddenly thought it desirable. A ruler does not easily withdraw the privileges he has granted. Stalin learned long ago that if he was to succeed in keeping his foot on the jugular vein of the Russian people they must be isolated from all contacts which would lead them to compare their lot with that of any other people under any other system. Now Yugoslavia is outside the Iron Curtain. Both leaders and people, under a relaxed censorship and with new contacts forming with the West, are doing "comparison shopping."

In this clarification of ideological positions the point of most interest to us is that Tito rejects as un-Marxist the Stalinist view

that Communist and non-Communist states and groups of states cannot exist side by side in peace. This is enough, it would seem, for our present international purposes. On this basis the Yugoslav Government can coöperate with us without joining the Atlantic Pact. Indeed there is a strong argument that even in our own interest it should not do so. "Titoist" is now the name for any Communist anywhere who favors the autonomy of Communist Parties and the independence of Communist states. Despite spectacular purges, trials and executions ordered from Moscow, "Titoism" has spread through the satellite world, permeates Communist circles in Italy, France and Western Germany, and enters as a factor of possible importance into the unpredictable Chinese situation. Tito's opposition to Stalin on orthodox Communist grounds thus adds to his effectiveness as an opponent to Soviet policy on nationalist grounds and hampers Stalin's effort to use the forces of Communist world revolution as agents of Soviet expansion and aggression.

III

It should not seem strange that Yugoslavia, Greece and Turkey need prodding from abroad before they approach each other with concrete plans for combining their individual strengths into collective strength. The differences which separate them are not abstract. Yugoslavia is a Communist dictatorship. Greece is a constitutional monarchy, just recovering from its successful resistance to the attempt of Communist guerrillas to overthrow it. Turkey is a republic, surprised to find itself almost a democracy since Ataturk's successor, President Inonu, decided to risk a genuine election and suffered defeat at the hands of the opposition.

In modern times Yugoslavia and Greece have never been formally at war. It was only the other day, however, that Yugoslav officials were calling the Greek Government of Premier Tsalderis "monarcho-fascist;" and only the other day Tito was giving formidable aid and comfort to the Communist bands operating in the Greek mountains. All this changed after Tito broke with Stalin. The two governments have now resumed normal diplomatic relations, and in March 1951 these had improved to the point where military attachés could be exchanged. The problem of the Greek children in Yugoslavia is on the way to solution. The problem of Albania (where each suspects the other of nefarious designs) would lose its importance if the Western

Powers would state clearly that Albania's neighbors need not expect to find easy pickings there, now or in any future settlement, merely because Enver Hoxha's present government is a puppet of Moscow.

Relations between Yugoslavia and Turkey have been formally correct since the war, but not much more. There is little indication in the press of either country of an understanding of how much each means to the other. Each has a frontier with Bulgaria, each assigns a considerable part of its mobilized forces to guarding it and each ought to be eager to know how the other proposes to act in an emergency. This powerful common interest has not produced, so far, steps toward common action.

Relations between the Greek and Turkish peoples are not at their best at the moment. Following the Greek débâcle in Asia Minor in 1922 and the subsequent exchange of Greek and Turkish populations, the two former enemies achieved a quite phenomenal degree of collaboration and even friendship. But recently the Turks have come to suspect that what they call Greek imperialism still exists. As an example they point to the revived Greek demand that Britain "return" Cyprus to Greece, at once and without reservation. The island, they note, lies close to the Turkish mainland and would be of critical importance as an air base in the defense of Anatolia, especially Adana, as well as for Allied counterattacks against Soviet bases and oil fields. They would prefer to see the island remain in the hands of a Great Power and feel that Greece should not choose this difficult moment to press her claim to it. If its status is to be changed at all, they say, it should go back to Turkey, which ceded it to Britain in 1878 on a purely provisional basis. The Greeks, on the other hand, resent the suggestion that they are indulging in blackmail about Cyprus, and emphasize that their old claim is based on solid ethnographic grounds. The island's large Greek population would fight more sincerely, they assert, if they were fighting for their "motherland" directly and not via the British Colonial Office. And to Turkish insinuations that Greece might not be in the war, they retaliate with questions about Turkey's own trustworthiness. May she not have become so accustomed to the benefits of neutrality that she would be tempted to try to remain outside another world war just as she did the last one?

Actually, one finds little belief in high quarters either in Athens or Ankara in the possibility of a localized war, and none at all in

Belgrade. The Yugoslavs feel, probably rightly, that they are particularly exposed, since the Kremlin could launch four satellite armies against them and still disclaim responsibility. Even in case of a satellite attack, however, the Yugoslavs believe that the Western Powers would be forced to intervene almost at once because it would menace Trieste, the American, British and French zones in Austria, and Greece and Turkey, where the United States has made such a large military investment. They cannot imagine that the Western Powers would accept the disastrous idea of "piecemeal war," thus allowing the Russian General Staff to defeat its enemies one at a time. In any case, the Yugoslavs make plain that if they are attacked they will fight, with or without allies; they will not submit to a Munich.

In Ankara the view is that if war comes the front will run "from the Baltic to the Caucasus." Turkey would expect to be an original part of this front, if only because the Soviet General Staff would not be so obtuse as to leave a strong Turkish citadel on the flank of their troops moving westward. The general argument that piecemeal operations are advantageous for Soviet Russia would not apply in the Turkish case, it is felt, since the trained Turkish military reserves are very numerous and Moscow knows that within a month or six weeks after hostilities broke out anywhere in Europe the Turkish Army would be doubled. Thus whereas Russia would need, say, half a million men for a surprise invasion of Turkey, she would need a million after full Turkish mobilization.

The causes of irritation with neighboring states about which one hears in Belgrade, Athens and Ankara are of course picayune in comparison to the primary question facing all three nations alike—can they continue to exist at all as nations, and if so is it to be as members of a free international society or as subjects of Moscow? The local controversies would quickly sink to proper proportions if attention could once be turned to the common problem of survival, as would happen when discussions began about a common strategy of defense. But a catalytic agent is needed, and it will have to be supplied from outside.

IV

The obvious way to do this, the State Department saw, was to invite Turkey and Greece into NATO, but this has been opposed by some of the other members. Their reasons are both general

and specific. Under the first heading, there is a feeling that the name and concept of the Pact have already been stretched to the limit by the inclusion of Italy, and that the grouping would lose its sense of unity and some of its idealistic aspects if it were further enlarged. If there ever is to be a real European Community it must possess natural homogeneity. The inclusion of a Moslem state like Turkey (the argument runs) would weaken the ideal of a "Christian, democratic community of free states," and the inclusion of a Communist state like Yugoslavia would be even more "disruptive."

Considerations of this sort sound remote to the military planners who are working against time to build up physical power in the Atlantic Pact countries against the danger of direct attack. But they also are presented with more material arguments for not enlarging the Pact membership. Certain members oppose it on the ground that it would extend their commitments beyond the field of their actual interest. Neutralist and "third force" groups in France and certain left-wingers in the British Labor Party take the same view. The basic question is, of course, whether they are right in presuming that their interests are, as a practical matter, limited today to the area covered by the Atlantic Pact. Would Pact members be able, under present conditions, to avoid becoming entangled in the results of a Soviet attack on even a peripheral European state? If not, they should consider whether the risk of such an attack would be increased or diminished if the Soviets knew in advance that it would bring the Atlantic Pact into immediate operation.

Many of the Atlantic Pact countries also fear that an increase in the number of participants will cut down the share of American armaments which each present member is due to receive. They forget that the United States is free in any case to decide to put more matériel at the disposal of the Greek and Turkish armies and to send arms to Tito. This would reduce the supply of American armaments available for the French or Belgian or other divisions now still on paper, regardless of whether or not the political framework for such action had been formalized.

A quite realistic objection to enlarging the Atlantic Pact is that the decision will have to be ratified by the parliaments of all the present members. The American Congress, though it has specifically favored the admission of Greece and Turkey, might complicate the procedure by stipulating that Franco Spain be taken

in also. But the fact that the procedure might involve difficulties is not valid if there is no other equally good method of making sure that Greece or Turkey might not try (even if vainly) to stay out of a general war, and if meanwhile General Eisenhower must withhold any effort to integrate Greek and Turkish military plans into his own over-all strategy.

When we discuss with the Yugoslavs what arms they need it will be natural to discuss also how they will use them, and this will involve questions of the greatest importance to Greece and Italy.

Greek army leaders surely understand without explanation that if the Yugoslavs withdrew westward into the Bosnian and Montenegrin mountains before a Bulgarian attack, the Vardar Valley would be left open and the Bulgarians would be free to attack Greece on a much more extended front. In 1940 and 1941 the same problem was posed. Then Hungary, Rumania, Bulgaria and Albania, now Soviet satellites, were, or were in process of becoming, Axis satellites; and Jugoslavia and Greece feared an attack by German and Italian troops based there just as now they fear attack by the Soviet and Soviet-supported troops based there. The disaster which overwhelmed them both in 1941 should dictate the instant preparation of the joint plans of defense which then were grievously lacking. On the Greek side, at least, there must be a full realization of this need, for Field Marshal Papagos, the outstanding Greek tactician, was chief of staff during much of the time when abortive attempts were being made to arrange effective military coöperation, first among the four members of the Balkan Pact, later directly between Athens and Belgrade.

Italy's need for a military understanding with Jugoslavia is even more vital. Obstacles are the long rivalry between Rome and Belgrade in the Adriatic, the Italian occupation of Dalmatia and Slovenia during the war and, above all, the unsettled dispute over Trieste. The Italian people naturally dwell on the Italian character of Trieste and the Istrian seaports in the Yugoslav zone of occupation; but the Italian military cannot forget that Italy's former defenses, in the gap in the Karst mountains west of Ljubljana and centering about the dominating peak of Monte Nevoso, today lie all in Yugoslav territory. The security of Venice and the valley of the Po depends less on who runs Trieste than on the strategy adopted by the Yugoslav general staff and its eventual

success. If there is war, will the Yugoslavs ask or accept Italian help? If contrary to their present hopes they found themselves so hard pressed that they must prepare for a retreat into the mountains, would they permit, as a helpful act, an Italian occupation of the defense positions which they were evacuating in the Ljubljana gap? Unless that happened, neither Yugoslavia nor Italy would control Trieste. It would be a Soviet port, and Allied naval control of the Mediterranean would be grievously impaired.

The Italian Army has been rebuilt from the ground up and is now at full treaty strength. Some of its crack units in the north form a potential reinforcement for the Yugoslav Army at critical points in the upper Save Valley and their presence near the frontier might relieve some Yugoslav troops stationed in Slovenia for service elsewhere. What is lacking is the necessary minimum of confidence between Rome and Belgrade. Is the establishment of that confidence beyond the capacities of Allied statesmanship?

But the east-Mediterranean theater is not important from the defensive standpoint alone. The ports and airbases along its coasts would enable the Western Allies to carry the war to the Soviet homeland, including its greatest industrial centers and the Caucasian oil fields. And that is not all. The further a Soviet attack succeeded in penetrating into Western Europe the more exposed its lines of communication would be to Allied flanking operations. In the First World War, the attempt to force the Dardanelles, capture Constantinople and penetrate the Black Sea failed by a hairsbreadth. In the second, the controversy about where to pierce the Continent's "soft underbelly" was settled by the Allied landing in Sicily and later by the landing in the south of France. The argument in favor of an attempt to turn the enemy's flank further east would be far more cogent if that enemy were Russia, with her armies in Central Europe dependent on long lines of communication from remote home bases in the Ukraine and beyond. The three obvious points of departure would be the Adriatic, the Aegean and the Black Sea. The three states which we have been discussing here border those bodies of water. Yugoslavia lies on the Adriatic, stands guard over the Ljubljana gap and holds the north-and-south valleys of the Morava and Vardar leading down to Saloniki; Greece lies on the Aegean, controls the lower Vardar and stretches eastward to the Turkish frontier; while Turkey faces Russia across the Black Sea and guards the entrance to it.

One link already binds all three of these nations to most of the Atlantic Pact nations—common membership in the United Nations. The American Government might have chosen this as its reason for helping them bulwark their defenses. Had it done so, we would not face the present difficulty of fitting a Communist state into a regional arrangement: Tito would not fear that he was being invited to join, even indirectly, an anti-Communist coalition. Nor would the United States find itself urging unwilling associates to commit themselves more concretely than the Charter already commits them to help halt aggression outside their own neighborhood. In an emergency we may well have to resort to the fact the Yugoslavia is a member of the United Nations in order to rally help for her. It is, after all, a very good reason. President Truman and Secretary Acheson might have done more to deter possible Soviet aggression against Yugoslavia if their expressions of interest in her continued independence had gone on to state one conclusive fact: what the United States will do when a United Nations member is attacked is on record in Korea.

Like Yugoslavia, Greece and Turkey are reminders that the trouble with regional pacts is that they have abrupt edges; and that the edges which seem to mark the perimeter of our national interests at one moment are not those which protect our full national interests at another. But the Atlantic Pact exists, and we have made it our main instrument for the defense of Europe. Its importance, nevertheless, lies in the binding word "Pact," not in the loose adjective "Atlantic." By every system of reckoning, Greece and Turkey constitute today part of the crucial area which, for our own safety, we set out to strengthen and defend. We no longer can accept the paradox that European armies which are well advanced in organization and morale, well prepared in certain major respects to meet Soviet aggression, and which stand side by side, still do not know how they would act in a supreme emergency for their own mutual protection, and for ours. The first step obviously is to arrange for Greece and Turkey to share both the benefits and responsibilities of the community to which they wish and deserve to belong.

RECENT BOOKS ON INTERNATIONAL RELATIONS

By Henry L. Roberts

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General: Political, Military and Legal

SEVEN DECISIONS THAT SHAPED HISTORY. BY SUMNER WELLES. New York: Harper, 1951, 236 p. \$3.00.

Concerned by subsequent confusion and dispute over Rooseveltian foreign policy, the former Under Secretary of State has reviewed seven crucial decisions in United States foreign policy just before and during World War II and has traced their later consequences. Of these he feels that the one to postpone political and territorial decisions until after the war was the most fateful. In general, he strongly supports the wisdom of the policies adopted by Roosevelt, while directing quite vigorous criticism at some of his subordinates and successors.

PEACE CAN BE WON. BY PAUL G. HOFFMAN. Garden City: Doubleday, 1951, 188 p. \$2.50.

The former head of E.C.A., after denying the possibility of doing business with Stalin or the necessity of a preventive war, outlines in simple terms a program for thwarting the U.S.S.R. through the effective use of United States economic strength. Generally optimistic in his outlook, he favors overcoming the pressure of inflation through increased production rather than through price controls. He advocates the vigorous arming of ourselves and our allies, assistance to other areas—Asia as well as Europe—in the improvement of their economies, and an active campaign on the “information front.”

CHALLENGE AND DECISION. BY EDGAR ANSEL MOWRER. New York: McGraw-Hill, 1950, 291 p. \$3.75.

Hoping to avoid a shooting war, the spread of Communism, or a continuation of the cold war, Mr. Mowrer offers his “Great Policy:” a world federation of the non-Communist Powers, which would not only hold in check the “Expansionist Bloc” but achieve a more positive solution than mere containment. His concern with the structure and content of this federation suggests the difficulties implicit in its creation.

L'IDÉE EUROPÉENNE ET SA RÉALISATION. BY ÉDOUARD BONNEFOUS. Paris: Éditions du Grand Siècle, 1950, 357 p. Fr. 750.

This helpful discussion of the movement for European unity is divided into four major sections: a review of the cultural and historical elements characterizing Europe; an appraisal of pre- and postwar efforts toward European unity; the discussion of the issue in France; and a survey of European economic prospects and problems.

PEACEMAKING IN PERSPECTIVE. BY F. W. PICK. Oxford: Pen-in-Hand, 1950, 251 p. 10/6.

A useful historical survey of the international conferences from Potsdam, 1945, to Paris, 1949.

VOTING AND THE HANDLING OF DISPUTES IN THE SECURITY COUNCIL. BY EDUARDO JIMÉNEZ DE ARÉCHAGA. New York: Carnegie Endowment, 1951, 189 p. \$2.00.

A technical and at points legalistic analysis of the manner in which the Security Council has performed its functions concerning the settlement of disputes and threats to the peace.

DEFENCE IN THE COLD WAR. New York: Royal Institute of International Affairs, 1950, 123 p. \$1.00.

An intelligent and concise Chatham House study group report—excellently indited by Donald McLachlan—on the “problems and objectives of the Western democracies in the task of winning the struggle against world Communism.”

SISTEMA DELLA DIPLOMAZIA. BY SANTI NAVA. Padua: C.E.D.A.M., 1950, 256 p. L. 1200.

A study of the formation and development of the art of diplomacy: the changing function of the ambassador, the diplomatic community, the decline of diplomatic immunity.

JAHRBUCH FÜR INTERNATIONALES UND AUSLÄNDISCHES ÖFFENTLICHES RECHT. EDITED BY RUDOLF LAUN AND HERMANN VON MANGOLDT. Hamburg (British Zone): Heitmann, 1949, 276 p.

Articles, documents and book reviews on international law. A continuation of the series noted here in October 1949.

THE LAW OF THE SEA. BY WILLIAM MCFEE. Philadelphia: Lippincott, 1950, 318 p. \$3.75.

An interesting, lively and quite untechnical history of the development of maritime law.

NATURAL SELECTION OF POLITICAL FORCES. BY ADOLF A. BERLE, JR. Lawrence: University of Kansas Press, 1950, 103 p. \$2.00.

Essays examining the hypothesis that a natural selection of political forces favors those approaching universality and giving individuals a sense of harmony with that universality.

SUFFRAGE UNIVERSEL ET AUTORITÉ DE L'ÉTAT. BY BERNARD LAVERGNE. Paris: Presses Universitaires, 1949, 176 p. Fr. 300.

Examining universal suffrage in light of the conflict between the power of the state and the liberty of the individual, the author advances electoral pluralism as a means of reconciliation.

SECURITY, LOYALTY, AND SCIENCE. BY WALTER GELLHORN. Ithaca: Cornell University Press, 1950, 300 p. \$3.00.

An expression of alarm over the threat to scientific progress seen in our efforts to secure military-technological secrets from enemies.

WAR IN THREE DIMENSIONS. BY AIR VICE-MARSHAL E. J. KINGSTON-McCLOUGHRY. London: Cape, 1949, 159 p. 10/6. (New York: British Book Centre, \$2.50.)

An essay on the strategic principles to be derived from potentialities of the long-range bomber.

ÉTUDES POLITIQUES ANGLO-SAXONNES. BY JEAN CHÉRIOUX AND OTHERS. Paris: Colin, 1950, 223 p. Fr. 350.

Three essays on Anglo-Saxon political institutions, dealing in turn with Northern Ireland, Connecticut and New York City.

General: Economic, Social and Cultural

THE ORIGINS OF TOTALITARIANISM. BY HANNAH ARENDT. New York: Harcourt, 1951, 477 p. \$6.75.

Dr. Arendt derives modern totalitarianism from three currents—anti-Semitism, overseas imperialism with its undermining of the nation-state, and tribal nationalism. The result of her studies is a provocative and difficult book. Some of her historical generalizations are questionable and too much of her interpretation is taken from the particular experience of Germany. But the book abounds in challenging insights which some readers will find stimulating, and others highly irritating.

THE AUTHORITARIAN PERSONALITY. BY T. W. ADORNO AND OTHERS. New York: Harper, 1950, 990 p. \$7.50.

This substantial contribution to the "Studies in Prejudice" series attempts a morphology of the "authoritarian type of man"—that is, the "potentially Fascistic individual." The techniques employed are those of socio-psychology, involving exhaustive questionnaires, interviews, and thematic apperception tests.

INTELLECTUAL CAPITALISM. BY JOHANNES ALASCO. Montreal: World University Press, 1950, 140 p. \$3.00.

The relatively familiar theme that the economic future lies with the managers and the directing technicians—the ambitious intellectuals of the productive process.

DEMOCRACY IN A WORLD OF TENSIONS. EDITED BY RICHARD McKEON AND STEIN ROKKAN. Chicago: University of Chicago Press, 1951, 540 p. \$4.50.

A symposium of essays by experts in a number of fields and from a number of countries in response to a questionnaire sent out under UNESCO auspices. The questions concern ambiguities in the term "democracy," the possibility of "opposed and incompatible forms" of democracy, the relation of tolerance of differences to democracy, and the "ultimate objectives" of democracy. The multiplicity of the responses makes the theme difficult to follow.

WAR AND HUMAN PROGRESS. BY JOHN U. NEF. Cambridge: Harvard University Press, 1950, 464 p. \$6.50.

To combat the view that war is a stimulus to economic progress, this ambitious and scholarly study traces the historical development of warfare and its weapons from the sixteenth century. Laying heavy stress upon the independent force of ideas, Professor Nef finds that in the twentieth century a failure in manners and morals has sanctioned the use of deadly weapons and brought on the age of total war.

THE HEBREW IMPACT ON WESTERN CIVILIZATION. EDITED BY DAGOBERT D. RUNES. New York: Philosophical Library, 1951, 922 p. \$10.00.

This symposium, in which 17 learned contributors enumerate the Jewish contribution to all fields of Western culture, is uneven in writing and interest.

OUT OF MY LATER YEARS. BY ALBERT EINSTEIN. New York: Philosophical Library, 1950, 282 p. \$4.75.

Essays from 1934 to 1950 on a variety of scientific, public and Jewish questions.

THE NEW SOCIETY: THE ANATOMY OF THE INDUSTRIAL ORDER. BY PETER F. DRUCKER. New York: Harper, 1950, 356 p. \$5.00.

A book of "anti-utopian" diagnosis and prescription, seeking a solution "beyond Capitalism and Socialism" but which the author believes to be implicit in the American machine-age and, of course, the "managers."

THE SOCIAL CRISIS OF OUR TIME. BY WILHELM RÖPKE. Chicago: University of Chicago Press, 1950, 260 p. \$3.50.

Written originally in 1941, this analysis of the world's plight by an eminent Geneva economist seeks to define "an economic and social structure which releases

us from the sterile 'either-or' of collectivism and laissez-faire." In general, the author remains loyal to the ideals of a free market economy, multilateralism and the *Redemptio Proletariorum*.

IMPERIALISM AND SOCIAL CLASSES. BY JOSEPH A. SCHUMPETER. New York: Kelley, 1951, 221 p. \$3.00.

A welcome if tardy translation of two of the late economist's important writings, "Zur Soziologie der Imperialismen" (1919) and "Die Sozialen Klassen im Ethnisch Homogenen Milieu" (1927).

LA DOCTRINE ÉCONOMIQUE ET SOCIALE DE KARL MARX. BY HENRI BARTOLI. Paris: Seuil, 1950, 413 p. Fr. 570.

A serious study of Marxian economic and social theory. Emphasizing Marx's important insights and his achievement as critic of Western nineteenth century society, the author ultimately sets against Marx's vision the traditional Christian Kingdom of God.

DOVE VA IL SOCIALISMO? BY ENRICO PARESC. Milan: Giuffrè, 1949, 146 p. L. 550.

An attempt to reformulate the principles of Socialism under present international and economic conditions.

SOCIALISM: A SHORT HISTORY. BY NORMAN MACKENZIE. New York: Longmans, 1950, 192 p. \$2.00. (London: Hutchinson, 7/6.)

A somewhat conventional survey of leaders and movements from Robert Owen to the present.

DIE ZUKUNFT UNSERER WIRTSCHAFTSORDNUNG. BY ERICH PREISER. Stuttgart (U. S. Zone): Kreuz-Verlag, 1949, 156 p.

Reflections on the changing economic order with particular emphasis on the importance of full employment.

LE PLAN MARSHALL: SUCCÈS OU FAILLITE? BY MARCEL MARANTZ. Paris: Rivière, 1950, 273 p. Fr. 320.

A nontechnical review of the European recovery program in its international setting, concluding with a criticism of European Third Force tendencies and an appeal for a true Atlantic association.

REVENUS NATIONAUX ET PAIX MONDIALE. BY J. R. BOUDEVILLE. Paris: Sirey, 1950, 165 p. Fr. 540.

An essay stressing the importance of the balanced expansion of national incomes to internal stability and world peace.

SA MAJESTÉ LE PÉTROLE. BY GEORGES LE FÈVRE. Paris: Hachette, 1950, 254 p. Fr. 300.

A French writer's personal and rather anecdotal reportage on the oil industry in Texas, Venezuela and the Middle East.

UNRRA. COMPILED BY GEORGE WOODBRIDGE. New York: Columbia University Press, 1950, 3 v. \$15.00.

An official history. The first volume deals with organization and administration, the second describes activities in the field, and the third contains a collection of pertinent documents.

QUAKER SERVICE IN MODERN WAR. BY HOWARD E. KERSHNER. New York: Prentice-Hall, 1950, 195 p. \$3.00.

The former Director of Relief in Spain relates the story of Quaker aid to Spanish children in the civil war, and to refugees in France. Further volumes are promised on the World War and postwar reconstruction.

TRADE UNIONS IN THE NEW SOCIETY. BY HAROLD J. LASKI. New York: Viking, 1949, 182 p. \$3.00.

Lectures delivered in 1949 on American and British trade unionism.

PUBLIC OPINION, 1935-1946. EDITED BY HADLEY CANTRIL. Princeton: Princeton University Press, 1951, 1191 p. \$25.00.

An enormous compilation of opinion polls, collected from 23 organizations in 16 countries. Covering an incredible range of subjects, its value as a source book is limited only by the shortcomings of some of the polling techniques employed.

PUBLIC OPINION AND PROPAGANDA. BY FREDERICK C. IRION. New York: Crowell, 1950, 782 p. \$5.00.

An ambitious though rather sprawling attempt to outline the principal social forces and instruments shaping American public opinion.

LA PRESSE DANS LE MONDE. BY PIERRE DENOYER. Paris: Presses Universitaires, 1950, 128 p. Fr. 100.

A brief outline of the European and American press and news agencies.

The Second World War

ROMMEL: THE DESERT FOX. BY DESMOND YOUNG. New York: Harper, 1951, 264 p. \$3.50.

WITH ROMMEL IN THE DESERT. BY H. W. SCHMIDT. Durban: Albatross, 1950, 287 p. 4/6.

ERWIN ROMMEL. BY LUTZ KOCH. Stuttgart (U. S. Zone): Gebauer, 1950, 340 p.

These three books on the late German commander serve to complement one another. The most inclusive is that by Brigadier Young, a British opponent in the desert campaign. Fair, admiring—perhaps overdoing the tradition of professional comradeship-in-arms—it gives an excellent account of Rommel's quality of *Fingerspitzengefühl*, which made him such a formidable tactician. Captain Schmidt, who was Rommel's aide-de-camp, writes a more personal and more limited story, concluding with the fall of Tunis. Koch, a German war correspondent at Rommel's HQ, is primarily concerned with explaining and defending Rommel's break with Hitler and his participation in the plot.

INVASION 1944. BY HANS SPEIDEL. Chicago: Regnery, 1950, 176 p. \$2.75.

An English translation of the important German work on Rommel's relations with Hitler in 1944, reviewed here in July 1950.

EIGHT YEARS OVERSEAS, 1939-1947. BY FIELD-MARSHAL LORD WILSON OF LIBYA. London: Hutchinson, 1950, 285 p. 25/.

Straightforward military memoirs by a British general who had more than his share of difficult and thankless assignments in the Mediterranean and Middle East.

THE VENLO INCIDENT. BY CAPTAIN S. PAYNE BEST. London: Hutchinson, 1950, 260 p. 12/6.

One of the British intelligence officers captured by the Gestapo in 1939 tells of his five years' imprisonment at Sachsenhausen.

POPSKI'S PRIVATE ARMY. BY LIEUTENANT COLONEL VLADIMIR PENIAKOFF. New York: Crowell, 1950, 369 p. \$5.00.

The story of behind-the-lines operations in Africa and Italy by a British irregular who obviously enjoyed the war.

SECONDA OFFENSIVA BRITANNICA IN AFRICA SETTENTRIONALE E RIPIEGAMENTO ITALO-TEDESCO NELLA SIRICA ORIENTALE (18 NOVEMBRE 1941-17 GENNAIO 1942). EDITED BY GENERAL FERRUCCIO MANZETTI. Rome: Ministero della Difesa, 1949, 253 p. L. 700.

Military operations in North Africa between the launching of the second British offensive and the beginning of the German-Italian counteroffensive of January-July 1942.

DUE ANNI FRA LE BANDE DI TITO. BY MAURIZIO BASSI. Bologna: Cappelli, 1950, 334 p. L. 900.

An Italian colonel's memoirs of war and civil war in Yugoslavia, 1942-1943. The book has some information on Chetnik-Italian coöperation against the Partisans.

VAKOILUA TOISESSA MAAILMANSODASSA. BY TAPIO HIISSIVAARA. Helsinki: Otava, 1951, 139 p. M. 380.

A short account of espionage during the Second World War, important for such light as it sheds on Finnish activity in this dark area of politics.

NORGES KRIG 1940-1945. EDITED BY SVERRE STEEN. Oslo: Gyldendal, 1947-50, 3 v.

A richly illustrated, detailed history of the war in Norway.

PERSONNEL SELECTION IN THE BRITISH FORCES. BY PHILIP E. VERNON AND JOHN B. PARRY. London: University of London Press, 1949, 324 p. 20/. (New York: British Book Centre, \$4.50.)

An account and appraisal of personnel selection techniques in World War II.

THE RUSSO-GERMAN ALLIANCE: AUGUST 1939-JUNE 1941. BY A. ROSSI. Boston: Beacon Press, 1951, 218 p. \$2.75.

A translation of "Deux Ans d'Alliance Germano-Soviétique," reviewed here April 1950.

KATYN-UNGESÜHNTE VERBRECHEN. BY JOSEF MACKIEWICZ. Zurich: Thomas, 1949, 224 p. Sw. Fr. 5.60.

Further information on the Katyn forest massacre by a Polish correspondent who visited the graves in 1943. Concerned mainly with dating the crime, the evidence seems definitely to indicate Soviet responsibility for it.

BREAKING THE BISMARCKS BARRIER: 22 JULY 1942-1 MAY 1944. BY SAMUEL ELIOT MORISON. Boston: Atlantic (Little, Brown), 1950, 463 p. \$6.00.

This new volume in Professor Morison's important history of United States naval operations in World War II deals with the strategy and operations in the Pacific from Guadalcanal to the taking of Rabaul.

SEA WARFARE, 1939-1945: A SHORT HISTORY. BY JOHN CRESWELL. New York: Longmans, 1950, 344 p. \$6.00.

Captain Creswell undertakes a comprehensive picture of World War II at sea, based largely, it appears, upon materials already published.

THE FAR DISTANT SHIPS. BY JOSEPH SCHULL. Ottawa: King's Printer, 1950, 515 p. \$3.00.

"An official account of Canadian naval operations in the Second World War."

EPILOGO IN MAR ROSSO. BY ENNIO GIUNCHI. Milan: Edizioni Europee, 1949, 220 p. L. 600.

Italian wartime naval actions in the Red Sea.

LIFE'S PICTURE HISTORY OF WORLD WAR II. New York: Simon and Schuster, 1950, 368 p. \$10.00.

A most handsomely edited and well-arranged pictorial record with a very powerful cumulative impact.

The United States

THE UNITED STATES IN WORLD AFFAIRS, 1950. BY RICHARD P. STEBBINS. New York: Harper (for the Council on Foreign Relations), 1951, 500 p. \$5.00.

The fifth postwar volume in the well-known series sponsored by the Council on Foreign Relations will interest participants in the national foreign policy debate as well as specialists in diplomatic history. Without partisanship, but with considerable frankness, the author examines the origins of the present crisis and finds a good deal to criticize in the thinking of both sides in the current controversy. His central concern is the growing moral isolation of the United States since the reversal of American policy toward China in mid-1950. A comprehensive bibliography and chronology of world events enhance the volume's usefulness.

ECONOMICS OF NATIONAL SECURITY. EDITED BY GEORGE A. LINCOLN AND OTHERS. New York: Prentice-Hall, 1950, 601 p. \$6.65.

Several members of the West Point faculty present a comprehensive survey of the economic problems encountered in a period of "not peace, not war." While reviewing World War II experience in some detail, the authors emphasize the tasks arising out of the United States' situation as of 1950.

PRESIDENTIAL AGENCY: OWMR, THE OFFICE OF WAR MOBILIZATION AND RECONVERSION. BY HERMAN MILES SOMERS. Cambridge: Harvard University Press, 1950, 238 p. \$4.50.

A pioneering examination of the World War II experience with that most critical problem, national economic mobilization.

SURVEY OF UNITED STATES INTERNATIONAL FINANCE 1949. PREPARED BY GARDNER PATTERSON. Princeton: Princeton University Press, 1950, 222 p. \$1.75.

A general summary of the policies and activities of the United States in the general area of international finance, including gift programs, foreign loans and investment, exchange policy and balance of payments. The preparation of similar surveys for future years is dependent upon the reception given this volume.

CAPITAL IMPORTS AND THE AMERICAN BALANCE OF PAYMENTS: 1934-39. BY ARTHUR I. BLOOMFIELD. Chicago: University of Chicago Press, 1950, 340 p. \$6.00.

An analysis of the exceptionally heavy capital movements to the United States between the devaluation of the dollar and the outbreak of war.

MORGENTHAU, THE NEW DEAL AND SILVER. BY ALLAN SEYMOUR EVEREST. New York: King's Crown Press (Columbia University), 1950, 209 p. \$3.50.

On the objectives and tactics of the Congressional silver bloc.

THE ADMINISTRATION OF AMERICAN FOREIGN AFFAIRS. BY JAMES L. McCAMY. New York: Knopf, 1950, 364 p. \$4.50.

A difficult but rewarding study of the United States agencies which play a part in determining and administering our foreign policy. The author is critical of the organization of the Department of State, but does not believe that reorganization or centralization of decision is the solution. He feels rather that there is need for a clearer realization that foreign relations are integral to domestic policy and hence that all agencies of the government are involved.

CONGRESS AND FOREIGN POLICY. BY ROBERT A. DAHL. New York: Harcourt, 1950, 305 p. \$4.00.

An analysis of the Congressional function in the field of United States foreign policy; contains some illuminating statistical information on this problem.

PRESSURES ON CONGRESS: A STUDY OF THE REPEAL OF CHINESE EXCLUSION. BY FRED W. RIGGS. New York: King's Crown Press (Columbia University), 1950, 260 p. \$3.75.

A case study of the way a pressure group brought about the repeal of the Chinese exclusion acts in 1943.

MAJOR PROBLEMS OF UNITED STATES FOREIGN POLICY, 1950-1951. Washington: Brookings Institution, 1950, 416 p. \$3.00.

The fourth in a useful annual series reviewing United States foreign problems, both topically and regionally.

LA GRANDE PARADE AMÉRICAINE. BY H.-J. DUTEIL. Paris: Bonne, 1949, 483 p. Fr. 500.

A French correspondent, who resided in the United States from 1941 to 1947, has written an excellent survey of contemporary American life. Ranging from geography and regional characteristics to politics and letters, he has performed a particular service in correcting many of the customary European clichés about this country.

INCREDIBLE TALE. BY GERALD W. JOHNSON. New York: Harper, 1950, 301 p. \$3.50.

The appropriate subtitle, "The Odyssey of the Average American in the Last Half Century," indicates the scope of this tightly and wittily written book.

THE LONELY CROWD. BY DAVID RIESMAN AND OTHERS. New Haven: Yale University Press, 1950, 386 p. \$4.00.

An analysis of the "changing American character," which is seen as rooted in the demographic pattern. Much that is necessarily speculative is rather weightily panoplied in the clanking terms of contemporary sociology.

AMERICAN LABOR LEADERS. BY CHARLES A. MADISON. New York: Harper, 1950, 474 p. \$4.00.

A history of the United States labor movement as reflected in the careers of the major figures, from W. H. Sylvis to Harry Bridges. The author has a marked preference for the embattled wing—Bridges is his contemporary hero—and his handling of the Communist issue is far too glossy.

MEN WITHOUT FACES. BY LOUIS FRANCIS BUDENZ. New York: Harper, 1950, 305 p. \$3.50.

Recollections of ten years of the C.P.U.S.A., by the former editor of the *Daily Worker*.

PREJUDICE AND THE PRESS. BY FRANK HUGHES. New York: Devin-Adair, 1950, 642 p. \$6.00.

A staff member of the *Chicago Tribune* makes a lengthy attack on the Hutchins report on the American press. The manner of writing diminishes rather than augments the effectiveness of a number of the author's legitimate criticisms of that report.

MY FIRST EIGHTY-THREE YEARS IN AMERICA. BY JAMES W. GERARD. Garden City: Doubleday, 1951, 372 p. \$3.50.

Recollections of the former United States Ambassador to Germany; of more interest, perhaps, in its picture of the United States at the beginning of the century than for its additions to diplomatic history.

HERBERT HOOVER: AMERICAN QUAKER. BY DAVID HINSHAW. New York: Farrar, Straus, 1950, 469 p. \$5.00.

A warm defense of the former President, but by no means a thorough political biography.

BERNARD BARUCH: PORTRAIT OF A CITIZEN. BY W. L. WHITE. New York: Harcourt, 1950, 158 p. \$2.00.

A quick serving of biography, garnished with polemic.

FDR: A PICTORIAL BIOGRAPHY. BY STEFAN LORANT. New York: Simon and Schuster, 1950, 159 p. \$3.95.

A photographic record, family album style, with explanatory text.

SLIPSTREAM: THE AUTOBIOGRAPHY OF AN AIR CRAFTSMAN. BY EUGENE E. WILSON. New York: Whittlesey House, 1950, 328 p. \$4.50.

Recollections centering on the development of the American aircraft industry.

ALASKA. BY FRITZ BARTZ. Stuttgart (U. S. Zone): Koehler, 1950, 384 p.

An extensive geographic, social and economic description.

Western Europe

HISTOIRE DE FRANCE ET D'ANGLETERRE. BY JEAN ALBERT-SOREL. Paris: Éditions Françaises d'Amsterdam, 1950, 569 p. Fr. 780.

A lengthy and methodical study of Franco-British relations from early times, tracing the development of the rivalry between the two nations and the manner in which enmity ultimately gave way to entente and alliance. The author's theme: "Their rapprochement, then, did not originate in a reversal of their policies. Quite to the contrary, the dominating factor in the history of Franco-English relations is that the same profound causes which for so long placed France and England in opposition have become those which have finally brought them together."

INTRODUCTION TO EUROPE: A SELECTIVE GUIDE TO BACKGROUND READING. Washington: Library of Congress, 1950, 201 p. \$1.00.

An annotated bibliography of works in English, designed for the non-specialist interested in European affairs.

A GEOGRAPHY OF EUROPE. BY JEAN GOTTMANN. New York: Holt, 1950, 688 p. \$6.75.

In a useful survey, a French geographer considers Europe's problems since the war, in their geographical setting.

EUROPE BETWEEN THE ACTS. BY R. G. WALDECK. Garden City: Doubleday, 1951, 329 p. \$3.50.

Countess Waldeck, after a tour of Western Europe and Scandinavia, demonstrates her disconcerting ability to make shrewd political observations disguised as rather frothy salon and café gossip.

EL PROBLEMA DE EUROPA. BY GEORGE USCATESCU. Madrid: Cosano, 1949, 192 p. Ptas. 30.

Reflections on the crisis of European culture, running the well-worn path from Spengler to Burnham.

VOCATION DE L'EUROPE. BY PIERRE DE BOISDEFFRE AND JEAN-MAX BOUCHAUD. Paris: Bloud et Gay, 1950, 260 p. Fr. 420.

Two young French Catholics in earnest search of Europe's lost vocation.

CHRONIQUE DE LA GUERRE FROIDE, 1947-1949. BY COUNT CARTON DE WIART. Brussels: Goemaere, 1950, 448 p. Fr. 120.

The Belgian statesman's series of some 100 articles on political happenings of the

time, appearing in his Catholic *La Libre Belgique* from May 1947 to August 1949. The groups of articles include a set on Germany, and several on European coöperation.

THE MIDDLE SEA. BY L. G. PINE. London: Stanford, 1950, 222 p. 18/6.

A pleasant and informal history of the peoples bordering the Mediterranean.

THE FACE AND MIND OF IRELAND. BY ARLAND USSHER. New York: Devin-Adair, 1950, 191 p. \$2.75.

The author's modest disclaimer that "this is a book of highly personal impressions and memories, and not a reference work for the student" does not do justice to his very acute and witty perceptions of the Irish character and its relations with the English.

MODERN FRANCE: PROBLEMS OF THE THIRD AND FOURTH REPUBLICS. EDITED BY EDWARD MEAD EARLE. Princeton: Princeton University Press, 1951, 522 p. \$6.00.

An important contribution. Some 29 specialists have contributed chapters—originally papers read at the Institute for Advanced Study—on the significant aspects of contemporary France; a rather rich menu, including the decline of the *élan vital*, letters and science, the political spectrum, social and economic problems, security and foreign affairs.

INVENTAIRE ÉCONOMIQUE DE LA FRANCE 1950 (FRENCH YEAR BOOK). BY GEORGES PILLIET AND OTHERS. Paris: Ordres de Chevalerie, 1950, 385 p. Fr. 1000.

An unofficial yearbook, containing a wealth of statistical information on the French economy together with a text explaining and interpreting the data.

LE DRAME DE VICHY: I. FACE À L'ENNEMI, FACE À L'ALLIÉ. BY YVES BOUTHILLIER. Paris: Plon, 1950, 320 p. Fr. 420.

Memoirs and apologetics by the former Vichy Minister of Finance; this volume runs from the June 1940 armistice (adding little that is new) to the dismissal of Laval in December 1940. The latter portion is of more value to the historian.

CLEMENCEAU. BY ALEXANDRE ZÉVAÈS. Paris: Julliard, 1949, 342 p. Fr. 500.

A concise biography which does not really plumb many of the problems of the statesman's career.

FÖR NORDENS FRIHET. BY MALCOLM MURRAY AND STIG LÖFGREN. Stockholm: Norstedt, 1949, 253 p. Kr. 8.

The Scandinavian defense problem.

COLLECTIVE SECURITY IN SWISS EXPERIENCE, 1291-1948. BY WILLIAM E. RAPPARD. New York: Macmillan, 1950, 150 p. \$2.75. (London: Allen and Unwin.)

A study in miniature of the groping of states toward a workable form of collective security, a pointed abridgement of the author's more extensive "Cinq Siècles de Sécurité Collective."

SWITZERLAND: A DEMOCRATIC WAY OF LIFE. BY ANDRÉ SIEGFRIED. New York: Duell, 1950, 223 p. \$3.00.

A translation of the Swiss edition, "La Suisse: Démocratie-Témoin," reviewed here in April 1949.

DER DEUTSCHE GENERALSTAB. BY WALTER GÖRLITZ. Frankfurt (U. S. Zone): *Frankfurter Hefte*, 1950, 707 p.

The first extensive history of the Prussian-German General Staff, from its origins in the seventeenth century to 1945. About half the volume is concerned with

the period after 1933 and the army's position in the National Socialist régime. The reader, however, may wish there had been a broader examination of the underlying relations between the army and German society and politics.

TEN DAYS TO DIE. By MICHAEL A. MUSMANN. Garden City: Doubleday, 1950, 276 p. \$3.50.

A jurist at the Nuremberg trials, who interviewed many of Hitler's associates, gives a flamboyant account of the Führer's last days in the bunker—substantially the same story as that told more sedately by Trevor-Roper.

DIE MASKEN FALLEN. Edited by FRIEDRICH MEYER-ABICH. Hamburg (British Zone): Morawe, 1949, 159 p.

A collection of documents, mainly from the Nuremberg trials, pointing up the wartime crimes of the Nazi leaders.

THE THEORY AND PRACTICE OF HELL. By EUGEN KOGON. New York: Farrar, Straus, 1950, 307 p. \$4.00.

A translation of "Der SS-Staat"—life in the concentration camps—reviewed here in January 1949.

JOURNAL IN THE NIGHT. By THEODOR HAECKER. New York: Pantheon Books, 1950, 222 p. \$3.50.

The late German Catholic philosopher's wartime journal. Written in secrecy, it is a tortured and penetrating commentary on the Nazi régime and the German "Herrgott religion."

DAS DP-PROBLEM. Tübingen (French Zone): Mohr, 1950, 201 p.

A useful survey, prepared by the *Institut für Besatzungsfragen*, of the problems of refugees and displaced persons, largely in the period since 1939 and with special reference to Germany. Annexes contain pertinent documents and international agreements.

DEUTSCHE GELDPOLITIK. By OTTO VEIT. Frankfurt (U. S. Zone): Klostermann, 1950, 142 p.

Addresses on monetary policy in West Germany since the war by the president of the *Landeszentralbank* of Hesse.

DER NEUAUFBAU DER DEUTSCHEN KOHLENWIRTSCHAFT IM INTERNATIONALEN RAHMEN. By FREDERICK HAUSSMANN. Munich (U. S. Zone): Beck, 1950, 182 p.

After examining the structure of the German coal industry, its postwar problems, and the occupation authorities' proposals for decartelization, Professor Haussmann concludes that a workable arrangement for its reconstruction could be made by combining the principles of American anti-trust policy, public utility regulation as it is practised in this country, and the rules for international commodity agreements in the Havana Charter for an I.T.O.

DAS RUHRGEBIET. By WILHELM HELMRICH. Münster (British Zone): Aschendorff, 1949, 245 p.

An economic geography of the Ruhr, dealing with such subjects as the supply of consumer goods to the Ruhr, the industrial production of the area, its markets, the transport connections, etc. The first edition appeared in 1940, and there is no discussion of wartime developments. The bibliography contains no titles later than 1938 and the statistics are those of the latter 1930's.

DIE VOLKSVERTRETUNG. By FRITZ SÄNGER. Stuttgart (U. S. Zone): Cotta, 1949, 438 p.

A useful handbook on the *Bundestag* of the German Federal Republic, including the basic laws and a parliamentary Who's Who.

FESTSCHRIFT RICHARD THOMA ZUM 75. GEBURTSTAG AM 19. DEZEMBER 1949. Tübingen (French Zone): Mohr, 1950, 276 p.

A collection of scholarly essays dealing mainly with pre- and postwar German constitutional and legal questions.

GESETZ ALS UNRECHT. By THEODOR VEITER. Vienna: Braumüller, 1949, 143 p. Schillings 19.60.

A critique of National Socialist legislation in Austria.

IL SANGUE D'EUROPA (1939-1943). By GIAIME PINTOR. Turin: Einaudi, 1950, 325 p. L. 1200.

Quietly eloquent articles, polemics and letters, both political and literary, by a young Italian scholar and anti-Fascist partisan who was killed in 1943.

L'OCCASIONE STORICA. By GUIDO DORSO. Turin: Einaudi, 1949, 191 p. L. 600.

Posthumously published political articles, written in 1945 and 1946 by a former member of the Partito d'Azione, and dealing principally with the tribulations of Southern Italy.

VITA DI MUSSOLINI E STORIA DEL FASCISMO. By MARIO FUSTI CAROFIGLIO. Turin: Società Editrice Torinese, 1950, 472 p. L. 2000.

A book of many good photographs and a worthless text.

RICORDI DI UN OPERAIO TORINESE. By MARIO MONTAGNANA. Rome: Edizioni "Rinascita," 1949, 201 p. L. 350.

An Italian Communist reviews the underground and extraterritorial activities of his party in the years of the Mussolini dictatorship.

EBREI D'ITALIA. By GUIDO BEDARIDA. Leghorn: Società Editrice Tirrena, 1950, 324 p. L. 1000.

A useful discussion of the rôle of the Jews in modern Italian society and of the foreign nature of anti-Semitism in Italian Fascism.

LA SICILIA NELLA SUA STORIA E NEI SUOI PROBLEMI. By PAOLO ARENA. Palermo: Agate, 1949, 589 p. L. 2000.

Primarily a discussion of Sicily's economic problems and potentialities but containing some material on contemporary social questions.

AUF EINEM HÜGEL DER EWIGEN STADT. By HERBERT TICHY. Vienna: Ullstein, 1949, 220 p.

An informative travel book about the Vatican and St. Peter's.

THE SPANIARDS IN THEIR HISTORY. By RAMÓN MENÉNDEZ PIDAL. New York: Norton, 1950, 251 p. \$3.00.

An essay on the "permanent identity" of the Spanish character by an eminent and venerable scholar; an effort to rise above and interpret that dualism which on occasion has led to the epitaph: "Here lies half Spain, it died at the hands of the other half."

LA GRAN BAZA SOVIÉTICA: COMENTARIOS DE UN ESPAÑOL (CUARTA SERIE). By JUAN DE LA COSA. Valencia: Semana Gráfica, 1949, 194 p. Ptas. 20.

LAS DOCTRINAS DEL KOMSOMOL: COMENTARIOS DE UN ESPAÑOL (QUINTA SERIE). By JUAN DE LA COSA. Valencia: Semana Gráfica, 1950, 212 p. Ptas. 20.

Collections of Spanish radio broadcasts in 1948-49 concerning international issues and personalities.

SIN SER POLITICO. BY ALBERT A. GUERRA. San Sebastián: Comisión Distribuidora, 1949, 194 p. Ptas. 22.

An appeal for an understanding of Spain and for Anglo-Spanish amity by a professedly apolitical "Anglo-Español" businessman.

¿QUIÉN ES EL REY? BY FERNANDO POLO. Madrid: Editorial Tradicionalista, 1949, 214 p. Ptas. 20.

An inquiry, which the late author felt was not merely of historical interest, into the dynastic succession of the Spanish monarchy.

INSTITUCIONES POLÍTICAS Y SOCIALES DE ANDORRA. BY JOSÉ MARÍA VIDAL Y GUITART. Madrid: Instituto Francisco de Vitoria, 1949, 502 p. Ptas. 95.

A scholarly, if somewhat formal and institutional investigation of the political and economic structure of Andorra, by a law professor at the University of Madrid; extensive bibliography.

Eastern Europe

THE EAST EUROPEAN REVOLUTION. BY HUGH SETON-WATSON. New York: Praeger, 1951, 406 p. \$5.50. (London: Methuen, 22/6.)

A sequel to the author's earlier "Eastern Europe Between the Wars, 1918-1941." Mr. Seton-Watson, who is exceptionally well equipped to handle this difficult subject, expertly traces the history of the Iron Curtain states through the war and into the successive stages of Sovietization. The exception, Greece, is treated in a separate chapter.

REVOLUTION IN EASTERN EUROPE. BY DOREEN WARRINER. London: Turnstile Press, 1950, 188 p. 12/6.

Miss Warriner is well informed on the economies of the Eastern European states, and the pattern of the economic changes since 1945 is the central theme of this book. Unfortunately, her awareness of the need for an overhauling of these stalled agrarian societies has led her to some inadmissible political justifications of Soviet and Communist satellite actions.

THE BOLSHEVIK REVOLUTION, 1917-1923. VOLUME I. BY EDWARD HALLETT CARR. New York: Macmillan, 1951, 430 p. \$5.00.

This ambitious and detailed study by a well-known British scholar is planned as the introductory volume to a history of Soviet Russia. Analytical rather than narrative, it is primarily concerned with the means and instruments by which the Bolsheviks seized and maintained power. Criticism has been made of the author's too exclusive employment of Soviet sources and a perhaps consequent tendency to see the opposition movements as ineffective stragglers off the highroad of history.

THE NEW SOVIET EMPIRE. BY DAVID J. DALLIN. New Haven: Yale University Press, 1951, 216 p. \$3.75.

A series of more or less independent essays on the U.S.S.R. since the war, ranging in subject from the private railway cars supplied to Politburo members to high strategy. All the essays, however, serve to elaborate Mr. Dallin's central theme of the need for a "pro-Russian anti-Communist" policy in the West.

THE OPERATIONAL CODE OF THE POLITBURO. BY NATHAN LEITES. New York: McGraw-Hill, 1951, 100 p. \$3.00.

This effort to analyze the political strategy of Bolshevism, largely through the presentation, *in vacuo*, of injunctions of Lenin and Stalin, is of value in highlighting certain leading principles but of doubtful use in enabling us "to predict Politburo behavior" since so many of the propositions are extremely equivocal.

DIX ANS DERRIÈRE LE RIDEAU DE FER. VOLUME I: AU PAYS DU MENSONGE DÉCONCERTANT. By A. CILIGA. Paris: Plon, 1950, 238 p. Fr. 300.

DIX ANS DERRIÈRE LE RIDEAU DE FER. VOLUME II: SIBÉRIE, TERRE DE L'EXIL ET DE L'INDUSTRIALISATION. By A. CILIGA. Paris: Plon, 1950, 310 p. Fr. 360.

An anti-Stalinist Croatian Communist tells of his experiences in the U.S.S.R., including the Siberian prison camps, in the 1930's. The first of these interesting and valuable volumes was originally published in 1938, but has been revised.

STEPPA BIANCA. By NINO BUFFA. Palermo: Arti Grafiche Renna, 1950, 350 p. L. 600.

An Italian medical officer's chilling recollection of war and prison camp life in the U.S.S.R.

SOVIET TRADE WITH EASTERN EUROPE, 1945-1949. By MARGARET DEWAR. New York: Royal Institute of International Affairs, 1951, 123 p. \$2.00.

A brief but handy survey of postwar trade relations between the U.S.S.R. and its client states (excluding Eastern Germany and Finland, but including Yugoslavia).

IF YOU WERE BORN IN RUSSIA. By ARTHUR GOODFRIEND. New York: Farrar, Straus, 1950, 192 p. \$5.00.

A largely successful attempt to depict the life of an "average" Russian family by means of a skillfully arranged series of pictures and text.

COMMENT VIVENT LES RUSSSES? By GEORGES SORIA. Paris: Éditeurs Français Réunis, 1949, 243 p. Fr. 250.

Questions and answers about life in the U.S.S.R.: some information and a great deal of calculatedly naïve pro-Soviet propaganda.

RUSSIA AND WESTERN MAN. By WALTER SCHUBART. New York: Ungar, 1950, 300 p. \$3.75.

The first English translation of a strangely messianic book, in the tradition of Danilevsky and Spengler, originally published in German in 1938.

OLIN ULKOMINISTERINÄ TALVISODAN AIKANA. By VÄINÖ TANNER. Helsinki: Tammi, 1950, 434 p. M. 790.

The memoirs of Finland's wartime Foreign Minister, covering the years 1938-1940, which have aroused great interest not only in Finland but in Sweden and Russia. The publication of this provocative book is ample proof that Finland is not yet behind the Iron Curtain.

PUHEITA. By K. J. STÅHLBERG. Helsinki: Otava, 1951, 171 p. M. 950.

The third volume of the speeches of Finland's devoted champion of republicanism and one-time President, covering the years 1883-1918, 1947-1950.

LAPIN SOTA. By TOIVO T. KAILA. Helsinki: Söderström, 1950, 433 p. M. 1100.

A detailed study of 1, the German-Finnish hostilities of September 1944-April 1945; 2, the evacuation of the inhabitants of the war areas to safety in Sweden and other parts of Finland; and 3, the reconstruction of the Lapland region.

SUOMEN MAANTIETEEN KÄSIKIRJA. By G. GRÄNÖ AND OTHERS. Helsinki: Otava, 1951, 567 p. M. 5200.

An authoritative guide to Finnish geography, issued by the Finnish Geographical Society.

LAND OHNE FREUDE. By WERNER PEISER. Zurich: Thomas, 1949, 170 p. Sw. Fr. 9.80.

A bleak report on the shattering disillusionment of a Socialist journalist who spent six months in Czechoslovakia after the Communist coup.

CZECHOSLOVAKIA ENSLAVED. BY HUBERT RÍPKA. New York: Macmillan, 1951, 339 p. \$3.50. (London: Hyperion.)

Translation of "Le Coup de Prague," reviewed here January 1950.

MINDSZENTY, UNGARN, EUROPA: EIN ZEUGENBERICHT. BY SIGISMUND MIHALOVICZ. Karlsruhe (U. S. Zone): Badenia-Verlag, 1949, 262 p.

Monsignor Mihalovicz, a close associate of Cardinal Mindszenty, gives a personal account of the events leading to the latter's arrest and trial.

RUMANIA: POLITICAL PROBLEMS OF AN AGRARIAN STATE. BY HENRY L. ROBERTS. New Haven: Yale University Press, 1951, 414 p. \$6.00.

A study of the principal Rumanian political movements, especially in connection with the agrarian problem, since the First World War.

The British Commonwealth of Nations

THE CAUTIOUS REVOLUTION. BY ERNEST WATKINS. New York: Farrar, Straus, 1950, 456 p. \$5.00.

This book, written primarily for Americans by a B.B.C. news commentator and staff writer on *The Economist*, tells the story of Britain under the Labor Government between July 1945 and February 1950. While not a technical study, it contains much useful information on the economic developments as well as critical observations on Government and Opposition leaders.

PROBLEMS OF SOCIALIST ENGLAND. BY BERTRAND DE JOUVENEL. London: Batchworth, 1949, 221 p. 12/6. (New York: British Book Centre, \$3.00.)

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A pleasant autobiography, concluding with the abdication crisis of 1936, the obvious culmination of the narrative. The work is not particularly informative about broad world or Empire affairs, but is most useful for an understanding of the subtle premises of that unique institution, the British crown.

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Exclusively genealogical and bird-shooting memoirs, by the quondam Sir Samuel Hoare.

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A just appraisal of this very substantial biography by a prominent Oxford economist is to be found in two of the author's prefatory remarks: that in a man "of intense individuality . . . there is a vital spirit which no biography can portray" and that while a definitive estimate of Keynes' work cannot yet be made, there is need for an eyewitness contemporary to attempt the task if only to save future students "from mistakes, which there would later be no one to correct."

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A biographical approach to the recent alterations in the structure and concept of the British Empire. Churchill, Attlee, Mackenzie King, Smuts, Bevin, Evatt and Nehru are the central figures.

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By Ruth Savord

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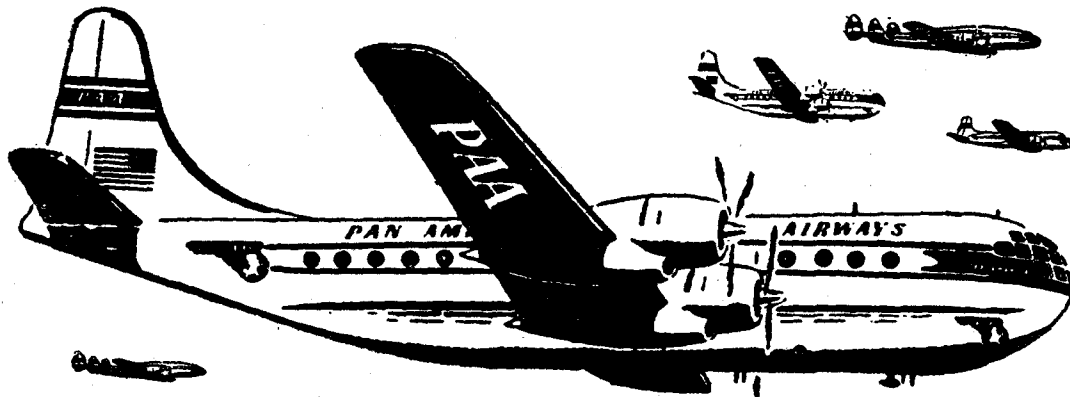
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